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5 April 1985

# China Report

POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

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5 April 1985

CHINA REPORT  
POLITICAL, SOCIOLOGICAL AND MILITARY AFFAIRS

## CONTENTS

## PEOPLE'S REPUBLIC OF CHINA

INTERNATIONAL AFFAIRS

## GENERAL

- French, Soviet Views on 'Star Wars' Plan, Dumas Visit  
(Zhai Xiangqian; RENMIN RIBAO, 15 Mar 85)..... 1

## UNITED STATES

- Asia To Receive Less U.S. Aid in FY 1986  
(XINHUA, 21 Mar 85)..... 3
- Proposed U.S.-Arab Discussions on Middle East Peace  
(XINHUA, 23 Mar 85)..... 4
- Reagan Comments on Foreign, Domestic Issues  
(XINHUA, 22 Mar 85)..... 5
- U.S.-Angola Talks on Southern Africa End  
(XINHUA, 20 Mar 85)..... 7
- Briefs
- |                                    |   |
|------------------------------------|---|
| Texas Quartet Well Received        | 8 |
| Jordanian Minister Ends U.S. Visit | 8 |
| Reagan Steps Up Nicaragua Attack   | 8 |

## NORTHEAST ASIA

- Briefs
- |                                       |    |
|---------------------------------------|----|
| Japanese Electronics Company in Jilin | 10 |
|---------------------------------------|----|

## SOUTHEAST ASIA/PACIFIC

Li Xiannian Speaks on Taiwan at Bangkok Banquet (Yang Mu; XINHUA Domestic Service, 13 Mar 85).....	11
Li Xiannian Hosts Return Banquet in Thailand (Li Wenzheng, Zhou Xiuqing; RENMIN RIBAO, 14 Mar 85).....	13
Thai Beam on Prospects for Li Xiannian Visit (Beijing International Service, 11 Mar 85).....	15
Beijing Comments on Vietnam's Supply Shortages (Beijing in Vietnamese to Vietnam, 10 Mar 85).....	17
LIAOWANG Looks at Burma on International Stage (Zhang Yunfei; LIAOWANG, No 9, 4 Mar 85).....	19
Malian Minister Visits Nanjing Tool Plant (Jiangsu Provincial Service, 13 Mar 85).....	22

## WESTERN HEMISPHERE

Article Shows U.S. Actions Against Nicaragua (Mei Sishan; LIAOWANG, No 10, 11 Mar 85).....	23
---	----

## NATIONAL AFFAIRS

Deputy Mayor of Guangzhou Profiled (Tang Wei, Ho Qiao; LIAOWANG, No 43, 22 Oct 84).....	25
Central Leaders Plant Trees in Beijing Park (Li Shangzhi, Zou Aiguo; XINHUA Domestic Service, 12 Mar 85).....	32
Specialized Schools To Enroll More Students (XINHUA, 16 Mar 85).....	34
Survey Shows Changing Trends for Women (XINHUA, 23 Mar 85).....	35
Women's Federation Proposes Law on Adultery (XINHUA, 15 Mar 85).....	36
Problems Concerning University President Responsibility System (Zeng Delin; GAOJIAO ZHANXIAN, No 1, 13 Jan 85).....	38
Briefs Arts, Calligraphy, Photography Exhibition Opens	45



## REGIONAL AFFAIRS

### EAST REGION

Shandong Holds Meeting on Supporting Army (DAZHONG RIBAO, 31 Dec 84).....	46
Liu Peng Urges Qingdao CPC To Liberate Thinking (Liu Peng; QINGDAO RIBAO, 25 Dec 84).....	49
Qingdao PLA Stresses Party in Command of Army (Xiao Jun, Chu Youhao; QINGDAO RIBAO, 25 Dec 84).....	68
Donation of PLA Navy Ships Reported (Liu Gangqi, Xu Qizhong; JIEFANG RIBAO, 27 Jan 85).....	70
Naval Landing Force Provides Transport Service for Shanghai (Zhou Chunhua; JIEFANG RIBAO, 28 Dec 84).....	72
Joint Army-Police-People Defense in Shanghai Discussed (Zhuo Xun; JIEFANG RIBAO, 27 Jan 85).....	73

### SOUTHWEST REGION

Elimination of Factionalism Urged (Li Qiming; YUNNAN RIBAO, 29 Nov 84).....	74
Examination of 'Third Echelon' Candidates Completed (Shen Qingban; SICHUAN RIBAO, 4 Dec 84).....	79
Second Phase of Party Consolidation Discussed (Zhang Liquan; SICHUAN RIBAO, 8 Dec 84).....	81

### NORTH REGION

Briefs Fallen Mongolian Soldiers Honored	83
---	----

### NORTHWEST REGION

Cadres To Be Elected Through Democratic Process (Yan Zongzhi; SHAANXI RIBAO, 28 Dec 84).....	84
Shaanxi's Success in Raising Educational Funds Discussed (Li Yuan; ZHONGGUO JIAOYU BAO, 29 Dec 84).....	86
Questions Concerning Family Planning Answered (Qin Zixun; SHAANXI RIBAO, 11 Jan 85).....	88

MILITARY AND PUBLIC SECURITY AFFAIRS

Briefs

New Minelayer in Use

90

TAIWAN

Henry Liu's Murder, Tape-Recording Discussed

(Yen K'ai-i; CHUNG-KUO SHIH-PAO CHOU-K'AN, 10-16 Feb 85)..... 91

Daly City Police Interviewed on Henry Liu's Murder

(Ch'en Tzu-yen; CHUNG-KUO SHIH-PAO CHOU-K'AN, 10-16 Feb 85).. 97

Taiwan To Increase Defense Capabilities

(Lien Ho Pao, 9 Mar 85)..... 104

GENERAL

FRENCH, SOVIET VIEWS ON 'STAR WARS' PLAN, DUMAS VISIT

HK210947 Beijing RENMIN RIBAO in Chinese 15 Mar 85 p 7

["Newsletter from France" by RENMIN RIBAO reporter Zhai Xiangqian [5049 6272 0051]: "'Similar' But Not Identical"]

[Text] Paris, 13 Mar -- On the evening of 10 March, the French External Relations Minister Roland Dumas arrived in Moscow to start his official visit to the city. During his 3-day visit, from 11 to 13 March, external Relations Minister Dumas held several rounds of talks with Foreign Minister Gromyko. He also met Tikhonov, chairman of the Presidium of the USSR Council of Ministers.

During the visit of External Relations Minister Dumas, the U.S.-Soviet arms control talks were being officially held in Geneva. Arms control was exactly the key issue covered by the talks between the French external relations minister and the Soviet foreign affairs minister. This was why, when the Soviet Union was busy with its domestic and foreign affairs, the French external relations minister could still carry out his visit as scheduled.

During the talks, External Relations Minister Dumas reiterated his desire to conduct "an active dialogue" with the Soviet Union, and explained France's stand on the U.S. "star wars" program. He said that France viewed the program with reservation. As early as in June 1984, France opposed an "arms race in outer space," and feared that an arms race might destroy the balance of power between East and West. France also objected to the U.S. plan to replace nuclear deterrence with space defense. It was also worried about the possibility that antisatellite and antimissile weapons might cripple nuclear weapons, including those of France. France also persisted in opposing the inclusion of France's nuclear power in the U.S.-Soviet nuclear talks. LIBERATION of Paris said: "2 years ago, Mitterand was the firmest supporter of Reagan in Europe. However, today, of the large European countries, France is wavering most in supporting the American President's 'star wars' program." The Soviet Union also announced that the position of France and the Soviet Union on the issue of space weapons was "similar."

However, "similar" does not mean identical. During the talks, the French external relations minister expressed the view that the study of the "star wars" program was acceptable, "questions will be raised only when study is upgraded to experiment, and, of course, when experiment is upgraded to deployment." Public opinion has noted that when External Relations Minister Dumas was visiting the United States in early February, he said: "It is still necessary to follow the security principle of making use of offensive weapons to maintain the balance of power." Later, he added: "As long as the 'star wars' program is still at its study stage, it does not violate existing treaties. Nor is it unnecessary to condemn it." U.S. officials also stressed that the divergence of views between the United States and France on the "star wars" program had been narrowed.

However, the views of France are different from those of Federal Germany, Great Britain, and Italy. France has avoided accepting Reagan's program, and does not ask to share space technology. LE MATIN of Paris believes that France has taken a stand which is "between the Soviet Union and the United States." Therefore, the Soviet Union has paid special attention to exchanging views with France. In the meantime, it also feels that there are some difficult issues.

French-Soviet trade relations were another discussion topic covered by the talks between the French external relations minister and the Soviet foreign minister. Newspapers here maintain that in recent years the atmosphere in Franco-Soviet economic relations has been gloomy. French exports to the Soviet Union only amount to half its imports from that country. In 1983 and 1984, France's trade deficit with the Soviet Union was 4.4 billion and 5.2 billion francs respectively. The main reason for this is that France has increased its imports of hydrocarbons from the Soviet Union. However, the situation in the export of agricultural products, semifinished iron and steel, and chemical products, as well as facilities manufactured by France, is not so good. In the meantime, France and the Soviet Union stick to their own stands with regard to interest rates on loans, foreign currency for settling accounts, and so forth. Shortly before External Relations Minister Dumas paid his visit to the Soviet Union, the Renault automobile manufacturing plant of France suddenly cancelled a contract to build for the Soviet Union an engine plant worth 7 billion francs. This has cast a shadow over economic and trade relations between the two countries. It is obvious that their disputes involving economic and trade relations cannot be easily solved for the moment.

CSO: 4005/683

ASIA TO RECEIVE LESS U.S. AID IN FY 1986

OW210841 Beijing XINHUA in English 0823 GMT 21 Mar 85

[Text] Washington, March 20 (XINHUA) -- The United States has decided to increase economic and military assistance to Africa and Latin America while reducing its aid to Asia in fiscal 1986, with the total budget at approximately last year's level.

Presenting the Reagan administration's fiscal 1986 proposed program for foreign economic aid, Peter McPherson, administrator of the U.S. Agency for International Development and acting director of International Development Cooperation Agency, said the program is based on "a lean budget" with "closely focused priorities," and "essentially retains the existing balance between economic and military assistance."

McPherson said a total of 1,675 billion dollars will be budgeted for fiscal 1986 Development Assistance (DA), the same amount provided for 1985.

According to him, the Economic Support Fund (ESF), which totals 2,824 billion dollars, is slightly larger than that of 1985.

From a geographic standpoint, he said, combined DA and ESF for Africa is up by a total of 42 million dollars, and that for Latin America, by about 100 million dollars. Levels for El Salvador and for regional programs in Central America and the Caribbean are slated to rise by a total of 52 million dollars.

However, DA and ESF aid to Asia will both be decreased by a total of about 45 million dollars, due mainly to reduced economic and military assistance to countries such as the Philippines, Bangladesh, Indonesia and Sri Lanka. Total aid to the Near East will be down by 18 million dollars.

The proposed Foreign Economic Assistance Budget also includes 1,307 billion dollars for food programs, 20 million dollars for trade and development programs, 1,348 billion dollars for multilateral assistance, and 196 million dollars for international organizations and programs.

CSO: 4000/161

UNITED STATES

PROPOSED U.S.-ARAB DISCUSSIONS ON MIDDLE EAST PEACE

OW232152 Beijing XINHUA in English 1856 GMT 23 Mar 85

[Text] Washington, March 23 (XINHUA) -- U.S. Secretary of State George Shultz is considering meeting with the foreign ministers of Egypt and Jordan to discuss the makeup of an Arab delegation to the proposed negotiations with Israel, administration officials said here today.

The officials said Shultz discussed the idea yesterday with visiting Foreign Minister Tahir Al-Masri of Jordan.

Shultz said after the meeting the "the action is in the Middle East" in terms of reviving the Arab-Israeli peace process, adding that he is eager "to keep the ball [words indistinct]" in light of the new Arab peace proposals.

President Ronald Reagan said at his Thursday news conference that "we are willing to meet with a joint group."

Earlier, administration officials insisted that Reagan's offer did not signal a change in the longstanding U.S. policy of trying to bring about direct talks between Israel and its Arab neighbors.

After the 40-minute session with Shultz, Masri said that Reagan's support for a meeting with moderate Palestinians and Jordanians "is encouraging" but would fall short of the Arab aim -- U.S. recognition of the Palestine Liberation Organization (PLO). Masri's statement indicated that although Reagan said he would consider a meeting with a non-PLO delegation, the two sides are still far apart in their positions and the differences may prove irreconcilable.

Meanwhile, State Department spokesman Bernard Kalb said Friday that Richard Murphy, assistant secretary of state for Middle East Affairs, will visit the region next month to explore "what role the United States might play" in advancing the peace efforts.

CSO: 4000/161



UNITED STATES

REAGAN COMMENTS ON FOREIGN, DOMESTIC ISSUES

OW220835 Beijing XINHUA in English 0813 GMT 22 Mar 85

["It's High Time For U.S.-Soviet Summit," says Reagan (by Chen Si) -- XINHUA headline]

[Text] Washington, March 21 (XINHUA) -- U.S. President Ronald Reagan said here this evening that "it's high time" for a summit between the leaders of the United States and the Soviet Union and "there is a good chance of that."

Reagan made the remarks at his second meeting with reporters in the White House East Room since he was sworn to a second term on January 20.

"There are a number of things, bilateral situations between our two countries, other things to talk about that we're negotiating or talking to each other about on a ministerial level, and some of those could probably be further advanced if we met at a summit," he said.

Immediately after the death of Soviet leader Konstantin Chernenko, Reagan promptly invited new Soviet leader Mikhail Gorbachyev to a summit meeting to be held in the United States. There has been no clear response from the Soviet Union.

However, Reagan said he did not consider his invitation "rebuffed" and thought there is "a good chance" of the summit. He said that according to protocol, it is the United States' turn to be the host, and that "the invitation was extended for whenever (Gorbachyev) found it convenient."

Putting pressure on the House of Representatives to support the MX missile program, Reagan said that the Senate has endorsed the decision of four U.S. presidents that the MX missile "is a vital component of the American deterrent." He stressed that now "is the testing time for the U.S. House of Representatives. The votes there will answer the question of whether we stand united at Geneva or whether America will face the Soviet Union as a nation divided over the most fundamental questions of her national security."



"It is that tradition of bipartisan unity on national defense that brought the Soviets back to Geneva. And unless that tradition is maintained next week in the House, there's little prospect of success at Geneva."

On the budget, Reagan once again refused to cut defense spending. He said any further cuts to his defense program "are actually going to run the risk of lowering our capability at preserving national security."

Referring to the Middle East, Reagan reiterated that the United States did not want to participate in direct negotiations. He said, "It wouldn't be any of our business to do so, but we would do whatever we could to help bring the warring parties together, and, in effect you might say, continue the Camp David process." Reagan added that, "Thanks to Mubarak pushing ahead, and Husayn," he felt the prospects for peace in the region stood "a reasonable chance."

Reagan insisted that the U.S. policy of not meeting with the PLO would continue. The United States is willing to meet with a joint group of Palestinian and Jordanian representatives, "but at the moment, not the PLO."

Asked about the 17 blacks shot to death today by the South African police, Reagan made it clear that he does not want to change his policy to put more pressure on the South African government to mend its ways. He said "I think all of us find the system there repugnant, but we're going to keep on trying to contribute to a peaceful solution if we can."

CSO: 4000/161

5 April 1985

UNITED STATES

## U.S.-ANGOLA TALKS ON SOUTHERN AFRICA END

OW201626 Beijing XINHUA in English 1613 GMT 20 Mar 85

[Text] Lusaka, March 20 (XINHUA) -- Talks between U.S. and Angolan officials on the situation in southern Africa, and Namibia and Angola in particular, ended in Cape Verde Islands yesterday, according to reports received here.

No details were disclosed of the talks, which began on March 18 at Mindelo on the island of Sao Vicente.

U.S. Assistant Secretary of State for African Affairs Chester Crocker, who headed the U.S. delegation, said before his departure that the talks had been serious and useful.

Crocker told Cape Verde President Aristides Pereira earlier that the two sides were seeking ways of implementing UN Security Council Resolution 435 on Namibia within the context of a global solution.

This was a reference to the U.S. and South African demands that any solution to the Namibian independence issue must be linked to the withdrawal of an estimated 25,000 Cuban troops from neighboring Angola. Resolution 435, which does not contain this demand, calls for a ceasefire in Namibia leading to UN-supervised independence elections in Namibia.

The Angolan delegation at the talks was headed by Interior Minister Alexandre Rodrigues, who was due to meet Pereira later.

Cape Verde Islands, located off the West African coast, have been a venue for talks on Namibia and Angola on several occasions in the last few years.

Reports from South Africa said a spokesman of the Department of Foreign Affairs and confirmed that Crocker would have talks in Cape Town with Foreign Minister Pik Botha this week and that their talks would focus on the issue of Namibia's independence.

CSO: 4000/161

UNITED STATES

BRIEFS

TEXAS QUARTET WELL RECEIVED--Beijing, March 20 (XINHUA) -- A concert given by the Midland Thouvenel String Quartet of Texas, the United States, was well received by an audience of more than 1,000 here this evening. The American musicians played works of world known composers including Mozart, Schubert and Bela Bartok. Founded in 1975, the string quartet is an accomplished music group in the south part of the U.S. It has won a gold medal at an international string quartet competition in 1980. Zhou Erfu, vice-president of the Chinese People's Association for Friendship With Foreign Countries, and Sun Shen, vice-chairman of the Chinese Musicians Association, attended today's performance. The string quartet arrived here on March 18 as guests of the Chinese Friendship Association. It is headed by Mme Mary Neelley, vice-president of the China Cultural Society of Texas and Louisiana, and is accompanied by a delegation consisting of people from cultural, commercial and political circles of Midland. The U.S. visitors will also tour Chongqing, Wuhan, Nanjing and Shanghai. [Text] [Beijing XINHUA in English 1458 GMT 20 Mar 85]

JORDANIAN MINISTER ENDS U.S. VISIT--Amman, March 24 (XINHAU) -- Jordanian Foreign Minister Tahir Al-Masri said today that the United States regards the Jordan-Palestine peace agreement as an important starting point towards the solution of the Palestinian problem. But he added that at present the United States has no intention of recognizing the Palestine Liberation Organization (PLO). Masri returned here from his 10-day visit to the United States. He told reporters that the United States considers the agreement evidence of remarkable progress. In his Washington visit, Masri met with U.S. leaders to discuss the Middle East problem and bilateral relations. He said Jordan's policy and stance were understood by the American side. Masri said he reiterated Jordan's stand that the PLO has the right to represent the Palestinian people and that UN Resolutions 242 and 338 must be implemented. [Text] [Beijing XINHUA in English 0719 GMT 25 Mar 85]

REAGAN STEPS UP NICARAGUA ATTACK--Washington, March 25 (XINHUA) -- U.S. President Ronald Reagan today stepped up his attacks against the Nicaraguan government and called for "freedom-loving" people to unite in demanding an end to "the Sandinistas' intimidation." In a speech to the Central American leaders at the White House today, Reagan accused the Nicaraguan government of "conspiring to bring communist revolution to all of Central

America." He charged that in the last five years, the Soviets have provided more military assistance to Cuba and Nicaragua than the U.S. has done to all of Latin America. Reagan alleged that the Soviet Union has a plan "to turn Central America into a Soviet beachhead of aggression that could spread terror and instability north and south, disrupt our vital sea lanes, cripple our ability to carry out our commitments to our European allies and send tens of million of refugees." He said the U.S. "has a noble commitment to Central America." Reagan's remarks are seen as part of the efforts by the U.S. administration in the past weeks to win congressional approval of the 14 million dollar aid to Nicaraguan rebels in their attempt to topple the Nicaraguan government. [Text] [Beijing XINHAU in Enlgish 0159 GMT 26 Mar 85]

CSO: 4000/161

NORTHEAST ASIA

BRIEFS

JAPANESE ELECTRONICS COMPANY IN JILIN--A visiting team from Japan's Sharp Limited Company led by its president arrived in Jilin Province for a friendly visit on 15 March. Since October 1984 when the company signed a contract with our province on a washing machine production line, the company has sent technical personnel to Changchun many times to conduct technological exchange and give guidance. During this visit, it held discussions with the province's international economic and technological development company and some pertinent provincial units on the cooperation and production of household electric appliances. Both sides agree to maintain long-term stable cooperation in the fields of electronic products and household electric appliances. Provincial and Changchun City leading comrades, including Gao Di, Gao Deshan, Gao Wen, and Chen Zhenkang, met with and feted the visiting team. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 16 Mar 85 SK]

CSO: 4005/683

SOUTHEAST ASIA/PACIFIC

LI XIANNIAN SPEAKS ON TAIWAN AT BANGKOK BANQUET

OW150831 Beijing XINHUA Domestic Service in Chinese 0836 GMT 13 Mar 85

[By reporter Yang Mu]

[Excerpts] Bangkok, 13 Mar (XINHUA)--Amid jubilant Thai and Chinese strains, some 1,000 people of various Chinese societies in Thailand held a grand banquet here last evening to welcome President and Mrs Li Xiannian.

When President Li Xiannian and his entourage entered the banquet hall shortly after 2000, everybody rose and applauded to express their welcome.

On behalf of the Chinese Community in Thailand, Huang Zuoming, chairman of the Chinese Chamber of Commerce in Thailand, delivered a welcoming speech. In addition to praising the vigorous development of Thai-Chinese friendship and China's four modernizations drive, he dealt primarily with China's overseas Chinese policies. He said: "The wise policies adopted by the Chinese Government in recent years toward overseas Chinese and the way the Chinese Government handles overseas Chinese property and cares for the dependents of overseas Chinese have been highly praised by foreign friends. China's announcement last year of adopting the policy of 'one country, two systems' has greatly increased the confidence of all countries to invest in China, and stirred the respect and love among all overseas Chinese and Thais of Chinese ancestry toward China. It can be certain that China will achieve its four modernizations and build a prosperous economy at an early date."

In his reply, President Li Xiannian said: "Overseas Chinese and Chinese friends of Thai nationality are an important link in Sino-Thai friendship. Working together with the local people in resisting foreign aggression and in developing the national economy, they have also contributed their efforts to Thailand's independence and prosperity. The close relationship between Chinese and Thai people can be vividly reflected by a song called 'China and Thailand Are Brothers, Not Strangers,' which is very popular in Thailand. The Chinese Government's overseas Chinese policies have always been clear-cut. The Chinese Government always cares for and cherishes overseas Chinese living in all parts of the world. While we protect their legitimate rights and interests, we also urge overseas Chinese to obey the laws of their host countries, respect the local people's customs, habits, and religious beliefs; get along well with the local people; and contribute to their host countries'

prosperity. The Chinese Government also supports overseas Chinese becoming citizens of their host countries on a voluntary basis. After they have become citizens of their host countries, they should be loyal to their host countries and fulfill their duties as citizens. We appreciate the Thai Government's friendly policies toward overseas Chinese and its assistance to them so that they can live harmoniously with the local people and work in peace and contentment."

President Li also discussed the issue of national reunification. He said: The national policy of "one country, two systems" not only is suitable for Hong Kong, but also suitable for settling the Taiwan issue. After the question of Reunification of Taiwan with mainland China has been settled, the special Taiwan administrative region may have its own armed forces. An early achievement of national reunification with the ending of the state of separation between Taiwan and the mainland is a great historical mission that has befallen the people of this generation. "We hope countrymen living overseas will take advantage of their favorable situation and play a more effective role in linking up Taiwan and mainland China and in promoting mutual understanding and brotherhood between countrymen on both sides of the strait."

On behalf of the Chinese societies, Huang Zuoming presented a precious gift, an ivory war gong, to President Li Xiannian, who reciprocated with a vase with designs of plum flowers.

Also present at the banquet were Thai Ambassador to China Oranchun Tanaphong and other Thai officials.

CSO: 4005/661



SOUTHEAST ASIA/PACIFIC

LI XIANNIAN HOSTS RETURN BANQUET IN THAILAND

HK141026 Beijing RENMIN RIBAO in Chinese 14 Mar 85 p 6

["Newsletter from Thailand" by reporters Li Wenzheng [2621 2429 2398] and Zhou Xiuqing [0719 0208 1987]: "Developing Sino-Thai Relations To Safeguard World Peace"]

[Text] President Li Xiannian held a return banquet at the State Guesthouse on the evening of 13 March. The next morning he would be on his way to visit Chiang Mai, Thailand's second largest city. Despite the fact that President Li's current visit to Thailand is brief, he has spent a most pleasant and significant time here because of the meticulous arrangements of his hosts.

During his stay in Bangkok, President Li has held talks with the King of Thailand, His Majesty Phumiphan Adunyadet and Prime Minister of the Thai Government, General Prem Tinsulanon. The two parties have exchanged views on Sino-Thai relations and the world situation. The leaders of the two nations recalled the rapid and all-round development in their friendly relations over the past decade since the normalization of the Sino-Thai diplomatic relations, and placed high hopes for further development in the next decade. In their speeches, whenever they occurred, President Li and Prime Minister Prem have expressed their strong desire to continuously develop the relations between the two nations, which are a solid foundation for further development, particularly in regard to cooperation. President Li's first visit to Thailand has brought new vitality to Sino-Thai relations.

Under the present situation, the consolidation of Sino-Thai friendship and cooperation is of extremely great significance. At the grand reception held by Prime Minister Prem to welcome President Li, both host and guest strongly condemned Vietnam for its refusal to withdraw its troops from Cambodia, which is in disregard of the relevant UN resolutions, and for its increase in its military actions in Cambodia, which have directly threatened Thailand's security. Prime Minister Prem expressed his praise and support for China for pursuing the policy of safeguarding the peace and stability of the region. President Li solemnly declared that the Chinese Government and people, based on their principle of safeguarding peace and upholding justice, resolutely support the just struggle of the Cambodian people and greatly admire the just stand of the Thai Government and people in their support for the Cambodian people. The leaders of the two countries unanimously hold that only when

Vietnam entirely withdraws its troops from Cambodia will the Cambodia issue be solved. The Thai press has pointed out that President Li's visit to Thailand is the most important political event in the decade since the normalization of diplomatic relations between the two nations, and there will be even closer cooperation between them in international affairs today. They hold identical or similar views on major world issues, in particular on the Indochina issue, and these views have had important effects on safeguarding the peace and stability of Southeast Asia.

To further enhance economic cooperation is an important issue of the talks between the leaders of the two nations, which have achieved positive results. During Li's visit, the Chinese and Thai Governments have initialled an agreement on promoting and protecting investments, and an agreement on setting up a joint committee for economic cooperation. The two parties have decided to set up a Sino-Thai economic cooperation committee and to raise to a ministerial level the original trade team meeting, the commission on science and technology cooperation, and the investment group to be set up between the two nations. This will open up still brighter prospects for further economic cooperation between the two nations. In recent years, Thailand has made great economic developments, and China has made steady economic progress. The mutual exchanges, aid, and education in economics, science, technology, and culture will promote the common prosperity of the two nations and will certainly lay down a still more solid foundation for broad cooperation between them.

History has served as the best witness. Practice has proved that the five principles of peaceful coexistence are very powerful. The rapid development of the Sino-Thai relations is the result of observing the five principles. Under the guidance of the five principles, the prospects for Sino-Thai friendship and cooperation will be even brighter in the days to come.

CSO: 4005/661

SOUTHEAST ASIA/PACIFIC

THAI BEAM ON PROSPECTS FOR LI XIANNIAN VISIT

BK141129 Beijing International Service in Thai 1330 GMT 11 Mar 85

[Station correspondent commentary: "New Progress in Sino-Thai Friendship"]

[Text] PRC President Li Xiannian will visit the Kingdom of Thailand on 11 March at the invitation of His Majesty King Phumiphon Adunyadet. It is the first visit to Thailand by a Chinese head of state and is an important event in the history of relations between China and Thailand.

Thailand is a beautiful and fertile country. The Thai people, who are diligent and industrious, have created a prosperous culture in their long history. The Thai people love peace and freedom and cherish national independence. They have waged a long, obstinate struggle to oppose foreign aggression; defend their independence, sovereignty and territorial integrity; and construct their own country. As a member of ASEAN, Thailand has endeavored to preserve peace and neutrality in Southeast Asia.

Now, because the Vietnamese aggressors in Cambodia are whipping up the flames of war along the Thai-Cambodian border and continuously intruding into Thai territory, the peace and security in Thailand as well as Southeast Asia are being seriously threatened. Facing such a situation, Thailand has firmly strengthened its solidarity and cooperation with the other ASEAN countries. It has reinforced its self-defense force, courageously resisted provocations and armed incursion from outside, and defended its national sovereignty and prestige.

Thailand has resolutely opposed the Vietnamese administration's aggressive acts and demanded that Vietnam withdraw its troops from Cambodia. It has supported the just struggle of the Cambodian people fighting against Vietnam and has supported the CCDK's legitimate seat at the United Nations. This Thai stance of upholding justice has been praised and supported by a large number of countries in the world, including China.

China has persistently respected the five principles of peaceful coexistence; opposed the aggression and expansion of hegemonism; and supported the just struggle of peoples of all countries in defending their independence, sovereignty, and territory integrity.

China and Thailand are close neighbors. The friendship between the peoples of the two countries has a long history. Especially during the past 10 years, since China and Thailand established diplomatic relations in 1975, the relations between the two countries has become increasingly closer. The frequent exchange of visits between leaders and people of the two countries has pioneered a boundless future for the development of relations between the two countries. Chinese leaders--namely Zhao Ziyang, Deng Xiaoping, and Deng Yingchao--have visited Thailand. Her Royal Highness Princess Sirinthon, Prime Minister General Prem Tinsulanon, some former prime ministers, the President of the Thai Parliament have also visited China. The mutual friendly visits by people of the two countries are more remarkable. These friendly visits have further enhanced mutual understanding and strengthened friendship. The poem composed by Princess Sirinthon during her visit to China reads: Thailand and China have been neighbors since time immemorial; friendship between the two peoples shines brightly; contact will further increase; long-standing ties will be further developed. Both countries are now striving to build themselves. China is resolutely implementing the open-door policy. The friendly cooperation between the two countries in the political, economic, trade, cultural, and scientific and technological fields are developing on the basis of equality and mutual benefit. This upcoming visit to Thailand by PRC President Li Xiannian will convey the Chinese people's friendly feelings to the Thai people and will further brighten Sino-Thai friendship. We firmly believe that, with the warm welcome accorded by His Majesty King Phumiphon Adunyadet, the Thai Government, and Thai people, the visit to Thailand by President Li Xiannian will achieve satisfactory success.

CSO: 4209/148

SOUTHEAST ASIA/PACIFIC

BEIJING COMMENTS ON VIETNAM'S SUPPLY SHORTAGES

OW140009 Beijing in Vietnamese to Vietnam 1400 GMT 10 Mar 85

["Vietnamese Society Today" article: "They Still Lack Capital, Raw Materials, and Supplies"]

[Text] A Vietnamese newspaper disclosed last June that the Vietnamese knitwear sector was encountering many difficulties, resulting in stagnant production, and the machinery of the entire sector operating at only 30 to 40 percent capacity in general, at 20 to 25 percent in some areas.

What was the reason? The Hanoi knitwear factory director said the chief reason was capital shortages; the other reasons being problems involving knitwear equipment. Many broken knitting machines remained unrepaired and inoperative, for lack of spare parts or tools for making repairs. Some factories with good machines also failed to operate, or operated at much below their actual production capacity, for lack of energy, material supplies, chemicals, and knitting needles. Great imbalances have been noticed in the production chain at each enterprise, and in the sector as a whole, for lack of homogeneity of equipment, resulting in undue shortages and surpluses of parts. To overcome difficulties, capital, including foreign exchanged, is needed, to purchase knitting needles, material supplies, raw materials, spares, and additional equipment, and to build installations throughout the country to manufacture spare parts and installations for repair work. But, for the past many years, there has not even been minimal investment to maintain production. It may be said that this is the current general situation in the Vietnamese industry and handicrafts sectors.

At any factory or handicraft cooperative, the biggest headache remains lack of capital, raw materials, equipment, material supplies, energy, and so forth. That is a perennial problem, plaguing the sectors for many years, with no solution in sight. To cite an example, the Phuoc Long Textile Mill, a medium-sized mill in the federation of textile mills, with an annual production capacity of 24 to 25 million meters of textiles, over the past several years, due to shortages in raw and finished materials, plus the subsidy-based system, could only turn out 5.4 million meters of fabric, or just 25 percent of its production capacity. The textile quality has also seriously deteriorated.



Difficulties in textbook supplies are increasing. In some schools, four to five students have to share one textbook, only a few books being available for the whole school. There are many reasons for that situation. Talking about one of the causes, the director of a textbook printing house in Hanoi said: We are always worrying about our factory activities, because only 30 to 50 percent--or just 10 percent for some materials--of our requirements in material supplies and raw materials can be directly provided to our factory by the supply agencies concerned. Each September or October, our factory has to make projected plans for its requirements in energy, raw materials, and material supplies, and send them to the responsible supply sectors.

The electricity sector, though issuing quarterly power supply plans to the factory, actually supplied only one-third of the scheduled supplies, although the factory has given priority in power supplies. The power supply schedules were very flexible, with no prior information as to when the supply began, and when it ended, thus making production arrangements very difficult.

The factory was informed that it would get 3.3 cubic meters of wood for bulletin boards, but in 1983, factory cadres took the supply order to the many agencies concerned, with no success. Each textbook had to have millions of copies printed, but last year, the factory was not supplied with a single kilo of bookbinding wire. Rubber is the chief ingredient in the manufacture of inking rollers; but for the past 8 years, the factory has not been supplied with that material.

Similar difficulties have also been encountered in small industry and handicraft production. Other Vietnamese newspapers have disclosed that, for lack of capital and raw materials, handicraft production is tending to decrease. Many handicraftsmen have been forced to switch to other trades, because they failed to earn their keep. Four thousand skilled embroiderers in Binh Luc District, Ha Son Binh Province, have had to give up their occupation for farming. One of the chief causes was that the state could not provide them with sufficient raw materials.

In Saigon [as heard], the state has been able to provide about 25 percent of the raw materials, thus rendering production increasingly difficult.

Vietnam is a country with favorable natural conditions; the Vietnamese people are an industrious, intelligent people. Why is it that nearly 10 years have passed since national reunification, yet the Vietnamese economy is still in trouble? Why do its industry and handicraft sectors still suffer from serious shortages of capital, raw materials, and material supplies.

The reason, easy to understand, is that the Vietnamese authorities have squandered half the state budget in serving their aggressive, expansionist policy.

CSO: 4209/299

SOUTHEAST ASIA/PACIFIC

LIAOWANG LOOKS AT BURMA ON INTERNATIONAL STAGE

HK190357 Beijing LIAOWANG in Chinese No 9, 4 Mar 85 pp 35-36

[Article by Zhang Yunfei [1728 0061 7378]: "Burma on the International Stage"]

[Text] Since casting off colonial rule in 1948, Burma has been pursuing an independent and active foreign policy and has made valuable contributions to maintaining peace in Asia and the world.

We all know that Burma is well-known for advocating the five principles of peaceful coexistence, was one of the sponsor nations of the Bandung Conference, and was also one of the founding nations of the nonaligned movement. In international affairs, the Burmese Government and people have been steadfastly following and safeguarding the five principles of peaceful coexistence, the spirit of the Bandung Conference, and the goal of the nonaligned movement, and opposing foreign aggression, interference, and control. In 1979, at the Sixth Summit Conference of Nonaligned Countries in Havana, when the representative of Democratic Kampuchea was unreasonably deprived of his legal right to attend the conference by some countries, Burma immediately declared its withdrawal from the nonaligned movement, but in the meantime, announced that she would never give up her nonaligned policy and would continue to adhere to the basic principle of the nonaligned movement. World opinion through that Burma was a "true nonaligned country."

Burma and other third-world countries are now very worried about the present tense and changing international situation. The Burmese Government thinks: "The contention between the superpowers is the sources of the tense international situation and international conflicts." At the 39th UNGA Session, the Burmese Minister of Foreign Affairs U Chit Hlaing clearly pointed out that the relations between the two superpowers were seriously deteriorating, and the two superpowers were obstructing the UN in solving some major international problems. In his speech, the Burmese minister of foreign affairs also criticized the high interest rate policy adopted by the United States as seriously affecting the worldwide economic recovery, and called for establishing a new international economic order.

Burma also has its own position on some major international issues. During his visit to China last October, President U San Yu reiterated: "Burma opposes foreign troops' invasion of Cambodia and Afghanistan, and demands



that all foreign troops should withdraw from the two countries, and that both the Cambodian and Afghan people should have the right to decide their own destinies and choose their own national leaders." Commenting on the Vietnamese troops' large-scale dry-season offensive against Cambodia, an article recently published in the Burma Socialist Program Party's official newspaper BOTAHTAUNE pointed out: "The Cambodian question caused by one country's invasion of another country will never be solved by military means, and no one can deny this point. So long as this question is not solved, the Cambodian people will continue to suffer." On the Middle-East question, Burma has denounced Israeli aggression and demanded Israeli troop withdrawal from the Arab territory occupied since 1976.

Burma has been following the principle of developing friendly relations with all countries, especially neighbouring countries. In recent years, Burmese leaders have visited neighbouring countries many times, and have been trying to solve some problems left over from history through friendly consultations, mutual understanding, and mutual accommodation with neighbouring countries, thus greatly strengthening friendly relations with them. Since 1979, Burma and Bangladesh have successfully solved the question of repatriating some 192,000 frontier Burmese people from Bangladesh to Burma, and have signed a border agreement and an agreement to set up border markets, laying a solid foundation for forming a peaceful and friendly border between the two countries. Since 1982, Burma and Thailand have had many discussions on improving the security of and defining their common border, and they have also exchanged instruments of ratification of the agreement on the division of the Andaman Sea area. In order to maintain stability on the eastern border, a succession of Burmese leaders have visited Laos. In March 1984, Burma and India signed a draft agreement on the division of their common sea border, thus further strengthening their bilateral relations.

Burma has had traditional "brotherly" friendship with China, and the relations between the two countries have always been good. In 1960, Burma and China signed a friendship and nonaggression treaty and a border treaty. The frequent exchange of visits between the leaders of both countries has characterized the friendly relations between Burma and China. Premier Zhou Enlai visited Burma 9 times, and Chairman U Nee Win has visited China 11 times. These visits have made undying contributions to the development of the friendly relations between Burma and China. In recent years, with the common efforts of the leaders of both countries, the friendship and cooperation between Burma and China have entered a new stage and achieved great success.

As a developing country, Burma is now fully engaged in national construction. Owing to the implementation of suitable methods, Burma has been reaping bumper harvests in agriculture in successive years, the Burmese national economy has been developing quickly year after year, and the living standard of the Burmese people has also been greatly improved. But, because of the poor basis for production development and the effect of the general international economic situation, Burma has some difficulties in carrying out its national construction, such as the lack of development funds and technology. In order to get foreign aid and import advanced technology and equipment, Burma is now paying more and more attention to carrying out economic and technological cooperation with

other countries in the world. In 1984, Burmese external activities became unprecedentedly active. In the middle of last June, Chairman U Nee Win visited the Federal Republic of Germany, Austria, Switzerland and France. The visit lasted over 50 days. Last November, he again visited India. President U San Yu also visited Japan and China last year. Prime Minister U Maung Maung Kha visited Australia, New Zealand, Czechoslovakia and the Federal Republic of Germany. Apart from visiting China twice, Deputy Prime Minister U Tun Tin also visited the United States and Britain. Minister of Foreign Affairs U Chit Hlaing paid visits to Nepal, India, and Bangladesh. Through these visits to other countries, Burma has raised its own international position, expanded its external relations and received more economic and technical aid. Last year, the Burma Heavy Industry Corporation and the West German (Fritz Werner) [1715 6849 5412 3306 4780] Corporation jointly established and began to operate a machinery product industrial company. International opinion generally believed that it was "a good beginning in vigorously developing the Burmese economy."

CSO: 4005/661

SOUTHEAST ASIA/PACIFIC

MALIAN MINISTER VISITS NANJING TOOL PLANT

OW190121 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 13 Mar 85

[Text] After touring the Nanjing No 2 Machine Tool Plant, Hammani, minister of sports, arts and culture of the Republic of Mali, told a responsible person of the plant. The practice in your plant shows that China has achieved results in its economic structural reform. The enthusiasm of your plant's staff members and workers has been aroused, and plant production will further rise.

Minister Hammani, and members of the Malian Government Cultural Delegation he leads, take a great interest in China's economic structural reform. This morning, the guests heard a report on the situation at the plant by (Xu Bingliang, deputy director of the Nanjing No 2 Machine Tool Plant; visited plant workshops and facilities; and inquired about the quality of products, management, production costs, distribution of profit, income of staff members and workers, cultural and welfare activities, and other matters.

Minister Hammani was deeply impressed by the plant's reform measures in recent years, and the remarkable results they have achieved. He wished the staff members and workers even greater success in reform.

The Malian Government Cultural Delegation arrived in Nanjing on 12 March. On the evening of the same day, Chen Huangyou, vice governor of Jiangsu Province, met, and feted, Minister Hammani and his party.

CSO: 4005/661

WESTERN HEMISPHERE

ARTICLE SHOWS U.S. ACTIONS AGAINST NICARAGUA

HK210914 Beijing LIAOWANG in Chinese No 10, 11 Mar 85 p 7

[Article by Mei Sishan [2734 1835 1472]: "New Shadow Over U.S.-Nicaraguan Relations"]

[Text] Relations between the United States and Nicaragua constitute the focus of various contradictions in Central America. Recently the United States unilaterally suspended its dialogue with the Nicaraguan Government, and President Reagan has continued to exert force on Congress to approve the act of offering \$14 million of aid to the antigovernment armed forces in Nicaragua and made a series of statements that interfered in Nicaragua's internal affairs. All this has again worsened U.S.-Nicaraguan relations, which were relaxed for a time. When stepping up war preparations throughout the country, the Nicaraguan Government is now launching a diplomatic offensive for peace with the hope of improving bilateral relations with the United States and easing tension in Central America. On 2 March, Nicaraguan President Ortega and U.S. Secretary of State Shultz held a 1-hour meeting in Montevideo, the capital of Uruguay. But the meeting failed to achieve the results people had expected. Observers hold that the peace process in Central America is still covered by some ominous dark clouds.

As everyone knows, the U.S. policy toward Central America is an important reason for the unstable situation in this region. The recent statements and deeds for Washington show that the United States has no intention of changing its course. On 16 February, in a broadcast speech, Reagan attacked the Nicaraguan Government and stated that it was a "cruel group." He also declared that "it is now necessary to take action" to check its activities. On 21 February, at his first press conference since beginning his second term, President Reagan even said that the "existing structure" of the Nicaraguan Government must be "removed." Senior officials of the U.S. military have repeatedly uttered threatening remarks, stressing that the possibility of using military force against Nicaragua cannot be ruled out. The U.S. armed forces have carried out frequent military exercises in countries neighboring Nicaragua and have increased assistance to the antigovernment armed forces in Nicaragua. In these circumstances, the Nicaraguan Government cannot but once again mobilize the people to make war preparations.

In order to restore peace and stability in Central America, the Contradora Group put forth a "program for peace and cooperation in Central America" last year, requiring all countries in this region to undertake their duties, stop the arms race, offer no military bases to foreign countries, gradually withdraw all foreign military advisers, and refuse to offer assistance to any subversive groups. Nicaragua then expressed its willingness to accept the terms of this document, but the United States tried hard to obstruct the signing of the document. In order to promote the Contadora Group's peace progress, the Nicaraguan Government announced in late February that it would discharge 100 Cuban military advisers, indefinitely delay the purchase of Soviet MIG fighters, and invite a bipartisan delegation of the U.S. Congress to visit the country so as to verify that Nicaragua's military buildup is "purely defensive rather than offensive."

However, the U.S. Government did not reply positively to Nicaragua's initiative. It even accused the Nicaraguan Government of trying to influence the U.S. Congress by playing some "knaveish" tricks. At the meeting with Ortega, Shultz reiterated the four-point requirements of the U.S. Government: Reducing Nicaragua's military strength, discontinuing the military presence of the Soviet Union and Cuba in Nicaragua, stopping acting as a base for "subverting" its neighboring countries, and practicing democracy at home. The United States has given no regard to the peace proposal and requirements of Nicaragua, but is merely trying to exert political, military, and economic pressures to force Nicaragua to change the character of its political power so as to achieve its purpose of crushing its legal government.

Although Nicaragua is a small country, it enjoys full sovereign rights. The United States may dislike the political structure of another country, but it has no right to "remove" it by demonstrating its mighty military force in a bullying manner. Intimidation and even direct armed intervention go against the basic norms of international law, against the mediation efforts of the Contadora Group, and against the desire for peace of the people in Central America. If the United States continues to escalate its military interference in Nicaragua, the U.S.-Nicaraguan conflict is very likely to spill over into the neighboring countries and thus affect the security of the whole Central American region. The people of the world are concerned over the development of U.S.-Nicaraguan relations and the possibility of the expansion of the conflict between the two countries. They hope that the unremitting efforts of the Contadora Group will achieve the desired results.

The stubborn pursuance of power politics by the U.S. Government will only give rise to resentment and opposition by more and more countries and peoples as well as of the American people.

CSO: 4005/683

NATIONAL AFFAIRS

DEPUTY MAYOR OF GUANGZHOU PROFILED

Beijing LIAOWANG /OUTLOOK WEEKLY/ in Chinese No 43, 22 Oct 84 pp 16-17, 45

/Article by Tang Wei /0781 3555/ and Ho Qiao /0194 6942/: "Deng Hanguang /6772 3352 0342/--a Deputy Mayor Well Versed in Business Operations"/

/Text/ Editor's note: the mayors of open coastal cities feel that what they lack most are qualified personnel, especially qualified personnel in business operations and management. What the directors of factories and other enterprises need most are also qualified personnel. Managers in the commercial community are even more painfully aware that new developments can hardly be achieved without qualified personnel in business operations and management. Even specialized households engaged in commodity production are earnestly looking for qualified personnel in business operations and management.... This is an indication of the remarkable progress of the four modernizations program and also represents an inevitable trend in the march of history.

As a matter of fact, since the 3d Plenary Session of the 11th Central Party Committee, the momentum of economic reform has provided an excellent opportunity for making good use of the wisdom and talent of comrades who not only have business acumen but also possess the ability to conduct business operations. However, it takes the vision of a strategist to train a large contingent of cadres to engage in business operations and management and to use a generation of new people boldly.

The hope of China rests on the new generation. We want to give encouragement to and make an appeal to a new generation of entrepreneurs and managers at this great historical juncture. Beginning with this issue, this journal will publish their achievements, experiences and views. We ardently hope that all our readers will give us their support and help.



Deng Hanguang is a famous and controversial figure.

A few years ago, when he was the manager of the Nanfang Building Department Store in Guangzhou, he became well known in the economic community for being well versed in business operations and being bold in reform. The achievements of the Nanfang Building Department Store have been reported in newspapers and written up in feature articles and, therefore, are widely known throughout the country. Naturally, some people cannot understand his "maverick" remarks and "unconventional" ways, and others disapprove of them....

It was under these circumstances that he was appointed in 1983 to be a deputy mayor of the Guangzhou municipal government in charge of its financial and commercial work. Many residents in Guangzhou saw hope in the appointment of this "veteran commercial hand." Naturally, there were still people who worried that he would once again depart from orthodoxy and follow unconventional ways.

In the past year or so, Deng Hanguang has proved worthy of the expectations of the people. People have gradually come to understand that it is "left" ideology that he has departed from, and it is old ideas that he has rebelled against. His unconventional ways are the ways of reform which conform to the policy orientation of the central authorities and are in accord with the actual situation and the wishes of the people.

#### Keeping the City Gate Wide Open for Doing Business

Guangzhou has always been a commercial city. Today, when the market economy is developing rapidly and the policy of opening to the outside world is being carried out, how can Guangzhou be built into the commercial center of South China trading briskly with all parts of the world and making greater contributions to the country? After he assumed his post, he did not stay in the building of the municipal government but went directly to visit cadres in various work units to get an understanding of their work. On Sundays he visited marketplaces, went to the countryside or did thoroughgoing investigations and research at the grassroots level.

He learned from some peasants that although it had been made easier for them to come to town to sell their products than it was before, the city gate was not opened wide enough, i.e., there were still many restrictions that made it difficult to bring a large number of products into the city. He was also aware that because of all kinds of restrictions "it is difficult to sell chickens outside the city and it is also difficult to eat chicken inside the city." He came to the conclusion that closing the city ran counter to the usual practice in the country; too much restriction was at odds with the wishes of the people and the city gate should be kept wide open to widen the channels of commodity circulation.

Since then Deng has concentrated almost all his energy on this work. Together with comrades from the relevant departments of the municipal government and the municipal administration for industry and commerce he established and expanded the wholesale market for such agricultural and sideline products as vegetables, fruits, fish and fowl (chickens, ducks and geese) and built warehouses for



different categories of products on the periphery of the city to make it easier for the peasants to ship their products to the city in large quantities. This kind of deregulation, says Deng, is in fact a kind of regulation. This kind of regulation is actually aimed at enlivening the economy, not only putting the market in good order but also facilitating the flow of commodities, increasing business transactions and benefiting both the people and the country. Why not go ahead with it?

These markets for agricultural and sideline products are distributed both inside the city and in its suburbs. Having good locations and transport facilities, they have attracted the flow of large quantities of common and special local products from the neighboring rural areas and even from other parts of the country.

The channels for circulating industrial products have also been opened up by keeping the city gate wide open. Guangzhou Municipality has abolished those rules and regulations which restricted the flow of industrial products into the city from other areas and has set aside a lot of land, or more than 100,000 square meters, in the downtown area for the production units within and outside the province in order to set up retail departments to display and sell their agricultural and industrial products.

Deng Hanguang believes that a city, like a "spider with many feet," forms a crisscross economic network by its lines of communications. Relations between a city and its surrounding areas are already dominated by their economic relations. What's wrong with keeping the city gate wide open and welcoming people to come in to compete with each other and help each other forward?

Deng Hanguang's first bold measure after assuming office was to keep the city gate wide open. This measure, as expected, has brought about an abundant supply of goods and a brisk market. In the first half of this year, the total volume of business of the free agricultural markets in the city of Guangzhou increased by 83 percent over the corresponding period of last year, while the price level of these markets dropped by 8.75 percent, an unprecedented fall of the price margin. A more significant result is that with the city gate wide open, people have broadened their understanding, and some cadres have freed themselves from the trammels of the "city gate."

#### Defining the Correct Meaning of Consumption

Chen Ming /7115 2494/, manager of the Guangzhou Restaurant, is a first-class cook. He was one of the initiators of the first famous dishes and delicatessen exhibition to be held in 1956 in Guangzhou after Liberation. One day in the fall of last year, when Deng Hanguang sought him out and told him about his idea of preparing to hold a second famous dishes and refreshments exhibition, Chen said with joy: "Your idea gets to the heart of the matter. This will not only satisfy people's increasing demand for more foodstuffs but also provide a market for agricultural and sideline products and promote the development of production."

When Deng Hanguang boldly held such an exhibition and advocated eating well, he was not purposelessly seeking an unconventional goal. His view was rooted in practice. Two years ago, when he was in charge of the enterprises at the Nanfang Building, he properly channeled consumption and encouraged consumption by introducing such services as delivering goods to customers, doing repair jobs in people's homes, buying on credit, operating rental businesses and setting up discount emporiums. The Nanfang Building has since been doing an increasingly brisk business, promoting the sale of large quantities of goods produced by over 500 factories in various parts of the country and the development of industrial production and satisfying the demand of the people. The Nanfang Building has become an advanced unit on the commercial front in the country. Through this experience he keenly realized the need to define correctly the meaning of consumption. For a long period of time, to consume more was considered a kind of waste or even facet of the bourgeois way of life if one paid attention to what one ate, wore or used. As a result, people dared not study the question of consumption or advocate consumption. Today we must stimulate and guide consumption with no qualms. This is in accord with economic law and the needs of the masses of the people.

Deng's view on consumption won the support of the leading comrades of the municipal government. Together with some other comrades he carried out a study among many restaurants and delicatessen stores on the history and existing condition of the restaurant and delicatessen business in Guangzhou. They also visited more than 10 famous cooks and chefs, consulted some economic experts and then set up an association with the intriguing name of "Guangzhou as the Home of Gourmets." Deng even read a theoretical "paper" at a meeting of the group.

In October of last year, Guangzhou Municipality held a "famous dishes and delicatessen exhibition," the largest of its kind since the founding of the People's Republic. Shortly afterward, Guangzhou's garment industry held its first fashion show under the auspices of the municipal government with the theme "Guangzhou as the home of fashion." These activities have touched off a chain reaction, and, as a result, the urban economy has gradually entered upon a benign circle.

#### Dialectics of Market Management

Individually owned and collectively owned stores dot the streets of Guangzhou. They are doing a flourishing and brisk business.

So far as we know, Guangzhou is at present one of the large cities in the country where numerous individual enterprises have been set up. Up until the first half of this year, about 65,000 individual industrial and commercial enterprises with about 100,000 employees had been established in the city. Their business turnover made up 3.3 percent of the city's total volume of social commodity retail business. When the momentum of the rapid development of individual enterprises was building, Deng served notice to the state commercial enterprises that individual enterprises are a supplement to the socialist economy and that they should give individual enterprises equal political and economic treatment. He also asked them to help individual enterprises solve such problems as establishing sites for enterprises, supplying goods and paying for goods.

As the state commercial enterprises became convinced, individual enterprises increased rapidly in number. Unexpectedly, however, the public security and market management personnel tried to clear the vicinity of the Dashatou Passenger Transport Station of peddlers on the ground of keeping the city clean and tidy and ensuring security. After Deng Hanguang heard about this, he said on various occasions: "A market is for buying and selling just as a city wall is for defense. Since it is a market, you cannot expect it to look like a park."

People often noticed that wherever order was not well kept in a market, Deng would show up there, and wherever a market was well managed, Deng would be on the scene to sum up its experiences. In Deng's view, keeping the market prosperous seems to be in conflict with keeping the city clean and tidy, but the conflict can be resolved so long as the work of management is done well. The important thing is to balance prohibition with permission and control with relaxation. It will not do to say at all times: "This is not allowed" and "that is not allowed." We must also educate those concerned and give them a chance.

Yide Road in Guangzhou is known for its concentration of salted-fish and seafood businesses. However, in front of state-operated stores there were up to 100 private stalls selling the same products, not only affecting the normal business of the state-operated stores and tarnishing the appearance of the city but also overstepping the guideline of "making good omissions and deficiencies" for individual commercial enterprises. Through a subsequent investigation, Deng discovered that private stores in the city were overly concentrated in the downtown area while some new residential areas, industrial districts and neighborhoods of schools were barely served by the commercial networks and outlets. He believed that the overall distribution and structure of private stores should be properly adjusted in accordance with the needs of society. At the city's first Individual Laborers Conference held in April of this year, Deng called on the peddlers to enter small streets and lanes and set up their stalls in districts barely served by the commercial networks and outlets in order to serve the people in their daily lives.

With the implementation of these measures for enlivening the market business, the markets in the city of Guangzhou have become prosperous and in good order, and the appearance of the city has been kept clean, tidy and sprightly. A leading comrade of the Ministry of Commerce praised Guangzhou Municipality for taking resourcesful and effective measures to resolve the problems of the marketplaces and being ahead of the rest of the country in this respect.

#### Farsighted Move

What kind of a city should Guangzhou develop into? Opinions vary. In the opinion of Deng Hanguang, Guangzhou with its outstanding geographical location and good transport facilities has always been an economic center and trading port of South China. day, when the country has further opened up to the outside world, Guangzhou has the necessary conditions to develop into a city of high-class consumption with a well-developed tourist industry and an international business center--a place foreigners will yearn for in the areas of food, garments, shopping, entertainment and accommodations. At the same time,

Guangzhou should actively import new technology and build itself into an international center for scientific and technological exchange. Deng's views have been appreciated by leading cadres and experts.

Deng's strategy is: "Based in South China, Guangzhou reaches out to all corners of the land, makes contacts throughout the world, established relations with other parts of the country, absorbs foreign investment, carried out reform and promotes development." However, he attaches more importance to reality.

So as not to lose time he has also made a detailed plan:

--The Nanfang Building, the Dongfang Hotel, the Guangzhou Restaurant, the Guangzhou Friendship Store and the Xihu Emporium as the basic units will be linked to the large and medium-size stores in the vicinity to form five large integrated conglomerates, namely, the tourist shopping center, the tourist service center, the "Guangzhou as the Home of Gourmets" center, a high-class shopping center and a Chinese goods center. These centers with their unique features will satisfy the varied needs of consumers with respect to food, apparel, daily necessities, accommodations and transport.

--The city of Guangzhou will form with the resource-rich Zhujiang Delta an integrated conglomerate which coordinates commercial and agricultural activities to serve as a base for the steady supply of fresh foodstuffs.

--The Shanxi-Shaanxi Provincial Guild and the Chaozhou Prefectural Guild will be gradually restored and developed to open up new vistas with a multitude of guilds, throngs of traders and a free flow of goods.

--The absorption of foreign capital and technology will be effected, and the facilities of the existing service industry will be renovated step by step.

--To engage in joint business operations with businessmen in Hong Kong and Macao has long been a customary practice in the history of Guangzhou. Joint business operations and joint marketing services should be actively developed among Guangdong Province, Hong Kong and Macao.

What is to be relied on for the realization of these ideas and plans? Deng is perfectly sure that the city has to rely on the development of its intellectual resources. Whether in a military conflict or in economic and cultural competition in the world, says Deng, it is, in the last analysis, a competition for talents. Only when talents are available can one come out ahead in the competition.

After repeated consultation and discussion, Deng also proposed that in addition to running well the existing secondary business school, Guangzhou should establish a financial and trade management college and the Huangpu Business School. After 6 months of preparation, the management college formally opened on 4 September of this year. It is not without reason that Deng wants to give the business school the name "Huangpu." The Huangpu Military Academy in the past trained a large number of military and political personnel who made invaluable contributions to the victory of the Northern Expedition. The goal of the Huangpu Business School as conceived by Deng will be to inherit and carry forward the

"Huangpu spirit" in order to launch a new expedition on China's commercial front. No wonder that some people say that he is a man of "wild ambition." He admits that he is really a little "ambitious." Since the party put him in charge of commercial work, he says, it is his duty to train a contingent of personnel who can win gold medals in the commercial competition in the country.

Therefore, Deng Hanguang remains a controverisal figure today. Like everyone else, he is not a perfect man. He has his own shortcomings and weaknesses. Nevertheless, he is truly original in his approach. Because he is in his position, he has to do what his position is meant to do. Thus, the controversy around him will probably never end.

12806

CSO: 4005/295



NATIONAL AFFAIRS

CENTRAL LEADERS PLANT TREES IN BEIJING PARK

OW160526 Beijing XINHUA Domestic Service in Chinese 1144 GMT 12 Mar 85

[By reporters Li Shangzhi and Zou Aiguo]

[Text] Beijing, 12 Mar (XINHUA)--More than 100 cypresses planted today stand erect in the breeze on the east side of the [word indistinct] hall of the Temple of Heaven Park in the capital. They were planted this morning by such central leading comrades as Deng Xiaoping, the initiator of the national tree-planting activities, and Hu Yaobang, Zhao Ziyang, and Peng Zhen.

Since 1982, Deng Xiaoping and other central leading comrades have taken the lead in joining in tree-planting activities on tree-planting day. They have planted many pines, firs, and cherry trees successively on the west hill and on the east [word indistinct] of the Ming Tombs in Beijing. Now most of these trees are growing satisfactorily. This year, they planted cypresses at the Temple of Heaven Park in order to beautify the municipality.

At 0950, Hu Yaobang, Deng Xiaoping, Zhao Ziyang, Peng Zhen, Yang Dezhi, Yu Qiuli, Zhang Tingfa, Hu Qiaomu, Yao Yilin, Qin Jiwei, Chen Muhua, Deng Liqun, Hu Qili, Qiao Shi, and Hao Jiangxiu arrived at the new east entrance of the park. Comrade Deng Xiaoping shook hands with them one after another. The central leading comrades talked and laughed with walking together toward the tree-planting site with spades against their shoulders.

Comrade Deng Xiaoping, 81, arrived at the site hand in hand with his little granddaughter, who is 5 and 1/2 years old. Comrade Xiaoping cultivated the roots of a cypress with the spade and soon finished planting it. Seeing her grandfather working hard, the little granddaughter took his spade to put soil around the root of another cypress. Comrade Xiaoping happily said: "You are still young. Let grandfather do it." The grandfather told his little granddaughter that a ring of earth should be formed around a planted tree for watering. Then he said to his granddaughter: "Come let us water trees together." They took a bucket and watered a cypress.

After planting a cypress, Comrade Hu Yaobang, placing his hands on the handle of his spade, said to Li Ximing, secretary of the Beijing Municipal Party Committee, and Beijing Mayor Chen Xitong: "I'd like to make a suggestion to you. We have set 12 March as the national tree-planting day. But since spring comes



later in Beijing Municipality, could we postpone the time for the tree-planting activities for a while? We could make the first Sunday in April the day for everyone, regardless of sex and age, to take part in the tree-planting activities which will beautify the environment and benefit future generations. This is a fine education for people for the municipality." Li Ximing and Chen Xitong held that Comrade Yaobang's suggestion was a very good one which took into account the realities of Beijing Municipality. Hu Yaobang said with a smile: "If you agree, please present this suggestion to the Standing Committee of the Municipal People's Congress for examination and discussion."

Li Ximing and Chen Xitong said that they would immediately present the suggestion to the Standing Committee of the Municipal People's Congress.

With dirt on his head, face, and greyish uniform, Zhao Ziyang worked hard to put soil around the roots of trees, shoveling one spadeful after another. Beside him were two female comrades, Chen Muhua and Hao Jianxiu. The two cooperated in putting soil around one cypress after another and their speed was no slower than the premier's. As soon as a cypress was planted, Hao Jianxiu would say: "Work on another one!" Chen Muhua came forward to put the soil around the trees. Comrades Zhao Ziyang, Qin Jiwei, Chen Muhua, and Hao Jianxiu ran into each other again after they planted their last trees. They were very happy, looking at the newly planted cypresses.

Full of zest, Comrade Peng Zhen, at the advanced age of 83, joined the tree planting. Hatless and without an overcoat in Beijing's early spring weather, he came with big strides to a hole for a tree, wielded his spade to put soil around the roots of a tree, and planted the tree in no time. Other comrades beside him urged him to take a rest. Comrade Peng Zhen said: "A little work does not matter. It is nothing." After he planted several trees, he asked: "Are there any more?" He then planted two more cypresses with Comrade Deng Xiaoping. Afterwards Deng Xiaoping and Pen Zhen, the two revolutionaries of the older generation, talked and laughed as they walked together at a steady pace toward the west end of the site and examined the cypresses already planted.

Yu Qiuli, the old general who lost his left arm during the war period, wore a souvenir badge during the tree planting today. He told the reporter: "This is the souvenir badge given to me by the Beijing municipality marking the Chinese tree-planting day. Look, it is engraved with designs of trees. How beautiful it is!" The reporter congratulated him on his possession of the souvenir badge. The old general was extremely happy. He laughed and said loudly: "This is because I am an active supporter of the national tree-planting drive initiated by Comrade Deng Xiaoping and an active participant in the tree-planting activities of the whole army and in the greening activities of the capital." Qin Jiwei, who was at his side, said: "We all have souvenir badges. This is our honor. We must firmly continue the tree-planting activities."

CSO: 4005/659

NATIONAL AFFAIRS

SPECIALIZED SCHOOLS TO ENROLL MORE STUDENTS

OW161512 Beijing XINHUA in English 1449 CMT 16 Mar 85

[Text] Nanning, 16 Mar (XINHUA)--Specialized technical, vocational and agricultural secondary schools will enroll 1,757,000 students this year, 272,000 or 18.3 percent more than last year, a national education conference here was told.

Specialized secondary technical schools will admit about 600,000 students, and vocational and agricultural secondary schools will let in 1,157,000, delegates heard.

This means that these schools will enroll 39.6 percent of the total number of students entering the country's senior middle schools this year--up from 36.1 percent last year.

The student body of these specialized schools will be 3,920,000 or 34.6 percent of the total number of senior middle school students, compared with last year's 30.8 percent.

An Education Ministry official said their policy was to let these specialized schools play a wider role in the educational structure.

CSO: 4000/150

NATIONAL AFFAIRS

SURVEY SHOWS CHANGING TRENDS FOR WOMEN

OW231947 Beijing XINHUA in English 1536 GMT 23 Mar 85

[Text] Chengdu, March 23 (XINHUA) -- Rural commodity production is changing the way of life for Chinese women and helps raise their social status.

A survey carried out by Sichuan Provincial Women's Federation shows that a growing number of rural women in the province are taking jobs in industries and service trades.

In the past, most peasant women used to be bound to a life filled with housework and farming chores.

In Hongta townships in Jianyang County near the provincial capital of Chengdu, 47 percent of the staff of 28 rural enterprises are female.

Women working in industries or services often work long hours - tending private plots and livestock in their spare time as well as doing housework.

Married women, especially mothers, can be working for up to 14 hours a day, leaving little time for recreation or the popular pastime of watching films or tv.

But many unmarried women are film addicts, says the Federation. Some like singing and painting.

The growing economic freedom is giving many women a broader outlook, and they are attaching greater importance to the education of their children.

In the past, young children were often looked after by their grandmothers. But now, more women workers are sending their children to kindergartens to prepare for a good education.

Some women use what little spare time they have for reading so that they can help educate their children.

Rural women workers are also paying more attention to their clothes, says the Federation.

Many like new fashions, but often take convenience and economy into consideration.

NATIONAL AFFAIRS

WOMEN'S FEDERATION PROPOSES LAW ON ADULTERY

OW151059 Beijing XINHUA in English 1031 GMT 15 Mar 85

[Text] Beijing, 15 Mar (XINHUA)- The growing number of marriage breakdowns caused by the intrusion of third parties has aroused much social concern in China.

According to a report by the All-China Women's Federation last year, a quarter of martial disputes reaching civil courts now result from this problem.

And of 100 divorced couples in Beijing interviewed by three researchers last month, 20 split up because of the intrusion of third parties.

Now the women's federation has submitted a proposal to the National People's Congress Standing Committee, urging it to add a clause to the criminal law to punish the interference of third parties in martial relations.

Juridical circles have not yet made a response to the proposal. But the Jilin Provincial People's Congress Standing Committee adopted a regulation last year, stipulating that the third party and the partner judged to be the guilty party may face disciplinary actions or even penalties.

Chinese sociologists and jurists regard the interference of third parties in others' martial relationships as a complicated and serious social problem.

The problem was a controversial issue at an academic symposium at the end of last year sponsored by the China Law Society's Association for the Study of the Marriage Law; fourteen of the 26 papers delivered were on the subject.

Although all papers were of the opinion that the study was of great importance in developing legal theory, judicial practice and socialist morality, they held controversial views on the definition of the problem.

After heated discussion, most of the participants came to the view that interference by a third party usually involved infidelity in a marriage and a third party whose intention was to marry one of the partners with whom sexual relations had been entered into.

Chinese jurists and sociologists agree in general that the fundamental way to solve the problem is to promote socialist morality and legal awareness.

Many have pointed out that public opinion must be aroused to repudiate such immoral acts. Those who persist in such mistakes must be disciplined, and those who have violated the law must be punished.

Chinese criminal law does not deem adultery a crime, but does refer to "crimes of disrupting marriage and the family." Crimes under this category include bigamy, interference in the freedom of marriage, abuse of family members and cohabiting with or marrying the spouse of a member of the armed forces on active service.

The women's federation is of the opinion that in China most people are happy with their marriages and families.

In order to foster socialist ethics in family relationships, the federation has launched a nationwide campaign to commend "model families."

Requirements for these families include harmony between husband and wife, respect for aged family members, democracy in handling family affairs, readiness to help neighbors, respect for the law, family planning and education of children.

More than 3,800,000 such families were commended nationwide in 1983.

CSO: 4000/150

NATIONAL AFFAIRS

PROBLEMS CONCERNING UNIVERSITY PRESIDENT RESPONSIBILITY SYSTEM

Beijing GAOJIAO ZHANXIAN /HIGHER EDUCATION FRONT/ in Chinese No 1, 13 Jan 85  
pp 2-4

/Article by Zeng Delin /2582 1795 2651/: "Excerpts of the Author's Speech  
Given at the Symposium on Trial Implementation of the President Responsibility  
System in Institutions of Higher Learning on 2 November 1984"/

/Text/ The trial implementation of the university president responsibility  
system is both an important step in the restructuring of the system of leader-  
ship within the schools and an organic part of the overall educational reform.  
It plays a significant role in strengthening and improving the guidance the  
party offers to institutions of higher learning, in enabling the academic  
administrative system to develop to its fullest, in bringing into full play  
the aggressiveness of teachers and staff members and in accelerating educational  
reform.

Because the university president responsibility system has been implemented  
only for a short period of time and on a trial basis, certain cadres and the  
public are doubtful about it and have raised many questions that call for  
answers. I would like to offer my humble views on some of the issues involved.

I. Why We Have Implemented the University President Responsibility System on  
Trial Basis

The trial implementation of the system is urgently needed as new circumstances  
have arisen; it is also essential to the continual progress of higher education.  
The 3d Plenum of the 11th party Central Committee made the strategic resolution  
to shift the focus of the party's work to the four modernizations. The 12th  
National Congress defined the general mission and goal of socialist moderniza-  
tion during the new era. The focus of the entire nation has been economic  
construction. The Chinese nation as a whole is united in its effort to modernize  
industry, agriculture, defense and scientific technology in order to transform  
China into a highly civilized and democratic socialist state. In achieving  
socialist modernization, we must acknowledge the importance of knowledge and  
talent. Scientific technology is the key and education the foundation of  
socialist modernization. As institutions of higher learning shoulder the heavy  
responsibility of producing people who are especially talented in areas related  
to socialist construction, they must observe the "three directions" in order to



raise the levels of higher education and scientific research and produce the maximum amount of talent and positive results in the shortest period of time; failure to do so will mean that the general mission and goal set for the new era cannot be reached. As the education offered, and the scientific research and managerial work conducted, by institutions of higher learning are highly professional and scientific, we must bring into full play the initiative and functions of experts and professionals in order to resolve the longstanding problem of "having nonprofessionals lead professionals." Since the founding of the nation, we have nurtured a group of party members, experts, scholars and professors who are socialist minded, professionally competent and totally capable of assuming leadership responsibilities. In order to achieve modernization, we must emphasize scientific management and efficiency and maximize the function of available manpower and financial and material resources by endowing people who are reliable, professional and conscientious with leadership responsibilities.

Since the founding of the nation 35 years ago, the system of leadership within China's institutions of higher learning has undergone various changes. We have experimented with the "system of one-man leadership," the system of divided responsibilities under the guidance of the party committee, the board of directors responsibility system headed by school presidents and under the guidance of the party committee and the president responsibility system that has been in effect since 1978. Despite the fact that they have functioned positively in the past, these systems are deficient to a certain extent. The system of "centralized leadership" implemented during the "cultural revolution" only further muddled relations between the party and school administrations. Despite the fact that in recent years the party committee has eased off its control of school administrations and that the latter have been able to function more autonomously, the problem concerning the division of power between the party and the school administrations within institutions of higher learning has not been resolved thoroughly. This phenomenon can be attributed to a variety of factors, including the influence of tradition, the quality of the leaders and the style and method of work; however, the most fundamental problem lies in the system itself. There are a few problems with the present system of leadership in our schools. First, the fact that the party has become one with the school administrations and acts on their behalf weakens the structure of, and the ideological and political work conducted by, the party. Leading cadres of some school party committees are bogged down in administrative affairs because the "party refrains from governing itself." Second, university presidents do not have the authority, resources and ability to resolve problems that concern the overall situation as they are not given the power and responsibilities that should come with their position. Little can be accomplished even by those cadres who are highly conscientious and competent. It would be difficult to establish a scientific system of responsibility in our schools if we simply stress the human and spiritual elements without resolving the problems within the system. Failure to implement the personal responsibility system will result in both tangible and intangible losses. In short, the present system of leadership cannot meet the demands of newly developed circumstances and the party's policy on nurturing talent; the implementation of the university president responsibility system is something that cannot be put off any longer.

On the other hand, we should recognize that the institution of president responsibility system does not mean that all problems will be resolved instantly and that positive results will materialize like a miracle. After the system has been implemented, we should proceed to deal with various problems concerning workstyle, methods, standards and the highly confusing relations between the party and the school administrations. However, the most instrumental factor is still the system itself--and its being reasonable, proper and scientific.

## II. How To Interpret Correctly the Leadership Offered by the Party

We must first of all unify and raise ideological awareness and dispel any doubts people may still have in order to implement successfully the president responsibility system on a trial basis. One of the more important issues is how we can interpret the leadership offered by the party correctly. Some comrades have raised the question of whether the leadership the party offers to institutions of higher learning will be weakened subsequent to the implementation of the president responsibility system since under the system the party committee can function only in a "supervisory" role and will be stripped of its power.

In his report to the party's 12th National Congress, Comrade Hu Yao-bang pointed out that "it is the duty of the party to offer leadership to various sectors and enterprises involved in production. The party must familiarize itself with how things are operated in various sectors in order to offer effective leadership. However, the leadership it offers predominantly involves political ideology, overall policy and the selection, deployment, evaluation and supervision of cadres; it should not play a major role in the operation of enterprises and production. Their work should not be taken over by the party." This statement defines the role of party leadership and the manner in which it should be offered, and it is an important theoretical guideline for us in interpreting party leadership correctly.

History has proven that the "CPC is the core of leadership of our cause" and that "without the CPC the New China would not have been founded." By the same token, the realization of the four modernizations during the new historic era would not be possible without the leadership of the CPC. Therefore, the party must strengthen its leadership; however, the party should not lead simply by issuing ordinances to the masses or by monopolizing the administrative work of organizations and production enterprises. Its leadership should aim at areas concerning political ideology and overall policy. How effectively its leadership functions depends upon proper ideological and political guidance, correct approaches and policies, well-executed party organizational and propaganda and educational work, fully developed basic levels and the efforts of all party members.

We have instituted the president responsibility system so that party leadership can be strengthened and improved. Comrade Deng Xiaoping has stated that "these reform efforts aim at relieving the party of routine duties so that it can concentrate on work concerning political ideology and organizational supervision. They will not weaken the leadership the party offers, they improve and enhance its quality." The fact that the party committee functions in a supervisory role

after the president responsibility system has been instituted does not mean that its burden and responsibilities will be reduced. It offers supervision to assure that the line, goal and policy of the party and the laws and ordinances of the state are being observed by schools and that the socialist approach is being assumed in completing the mission of the party and the state. The better the party functions in this supervisory role the better it leads. This is a highly demanding task and does not involve in the slightest degree a lowering of the status and importance of the party. The key to redressing the method of work in the past does not lie in issuing orders but in carrying out ideological and political work, penetrating into the masses and conducting investigations and research. This is an exceedingly difficult and complicated mission whose completion requires painstaking efforts.

Are there any risks involved in the institution of the president responsibility system? I do not think there are any "risks." This is because, first, the party Central Committee and leading party groups will guide us in our effort. In the past, we assumed the one-sided approach of equating the leadership offered by the party with that by the party committee. The fact of the matter is that schools, which are basic-level units, only implement educational policies and complete tasks designated by higher authorities; moreover, the primary duty of university presidents has been clearly defined as implementing the party's policy and enforcing state laws and ordinances. Second, university presidents will be under the supervision of party committees of comparable status. Third, university presidents will be selected and appointed by higher authorities from among qualified people. Fourth, the democratic managerial system means that university cadres will be subject to the criticisms and supervision of the teachers' representative congresses, which also play a role in hiring, firing, rewarding and reprimanding cadres. Given all this, there is no need for us to be worried.

### III. How To Handle Correctly Relations Among University Presidents, the Party Committee and the Teachers's and Staff Workers' Representative Assemblies

In instituting the president responsibility system, we should "stress four areas"--the responsibility and power of the administrative system, party leadership, ideological and political work and the democratic managerial system.

The realization of the above-mentioned goal involves bringing into full play the initiative of university presidents, the party committee and the masses of teachers and staff workers; defining clearly the duties and responsibilities of the three; and coordinating relations among the three so that each can attend to its own duties and assume individual responsibilities. The realization of this goal also calls for mutual respect and cooperation among the three. We should be united in our effort to run schools successfully and nurture talent.

University presidents, with authorization from the state, are totally responsible for the quality of education and scientific research conducted by, and the administrative management in, the schools. The university president sees that the party's educational policy is thoroughly implemented and that the laws and ordinances of the state are enforced in order to assure the realization of the state's plan to nurture talent.

University presidents should devote themselves to the cause of educational reform and propose applicable measures concerning systems of leadership, management and personnel and the formation of organizations. They should particularly try to produce a group of people who are competent enough to meet new challenges in the fields of politics, economics and culture--a new generation that is patriotic, well schooled in science and physically fit. Reform efforts in the field of education and scientific research are important because they produce students with the above-mentioned qualifications who are capable of working independently, thinking and investigating and who are aggressive and creative in realizing the four modernizations. University presidents are responsible for the students' moral, intellectual and physical development; they should integrate teaching and scientific research with administrative management and see to it that the instructors, students and staff workers are ideologically sound. In order to fulfill his duties, the university president should be given corresponding powers and authority. He should have the power to make major administrative decisions; however, his decisions should be made on the basis of democracy and should comply with party policy and objective reality. He should also have the power to hire and fire people, including the vice president; he should have the authority to supervise, evaluate, hire and fire midlevel administrative cadres. His being given proper authority is crucial to his functioning effectively.

In addition to supervising administrative work in the schools, the party committee assumes total leadership in ideological and political work and the work of mass organizations such as the Communist Youth League, labor unions and student associations. Despite the fact that the party committee offers unified leadership to instructors, staff workers and students in ideological and political work, it should raise the masses' level of political consciousness and creativity by following the mass line, assuming approaches that are flexible and in keeping with the characteristics of contemporary youths and sponsoring self-education activities for the public. At the same time, the party committee should give full play to school administrations and instructors and unite all school quarters to achieve positive results. Ideological, political and educational work should proceed along with vocational work in order to redress the phenomenon whereby politics is alienated from vocational work.

The teachers' and staff workers' representative assembly (hereafter referred to as the teachers' representative assembly) is an important format which enables teachers and staff workers to exercise their rights democratically and schools to adopt the democratic managerial system. Its powers and authority are delineated in the "Provisional Regulations Regarding Teachers' and Staff Workers' Representative Assemblies in Institutions of Higher Learning" (draft) to be issued in the near future. Schools instituting the president responsibility system may decide according to individual circumstances if the powers and authority of their respective teachers' representative assemblies need strengthening.

The relationship between the university president and the party committee is not one of leader and subordinate, nor is that of the president and the teachers' representative assembly. Each should attend to his own duties and be united and mutually respectful, trustful, supportive and cooperative in running schools.



The party committee should support, endorse, supervise and coordinate the administrative work conducted by university presidents instead of monopolizing, looking on, being critical of or interfering with it. University presidents should brief the party committee regularly on the status of things and respect its ideas and suggestions. They should also respect and support the teachers' representative assemblies' right to institute the democratic managerial system, be willing to become subject to the supervision of teachers and staff workers, make reports to teachers' representative assemblies regularly and lend a listening ear to the ideas and proposals of the assemblies.

We must form and perfect consulting agencies that provide services to university presidents in order to assure that the decisions they make are correct and well thought out. As institutions of higher learning offer a host of highly academic subjects of study, they must pay attention to the suggestions of, and give full play to, experts. Only by doing so can we minimize mistakes and be effective. This approach is also an important part of following the mass line.

#### IV. Implement Earnestly the University President Responsibility System on a Trial Basis

Reform of the system of leadership in schools is an important step in educational reform. In carrying out this reform, we should take initiatives in a cautious manner; we should proceed in a systematic and orderly manner by implementing it on a trial basis before popularizing it.

We are presently going through a stage of great changes. We have to look into and resolve a host of problems, particularly those concerning the educational reform. As the conditions for full-scale implementation of the university present responsibility system have not matured, we should begin by instituting it on a small scale. Those schools chosen for trial implementation should meet certain a priori conditions. First, their presidents should be dedicated to the cause of education and be determined to implement the party's educational policy thoroughly. Second, there should be a party committee secretary who adheres to the correct political approach, understands the policy toward intellectuals, is skillful in mobilizing the masses of cadres, teachers and staff workers and supports and assists university presidents. Third, there should be an effective group of leaders who are united in the effort to implement the university president responsibility system on a trial basis. Additional requirements may be set in the process of reform.

The reform of the system of leadership in the schools involves not only school internal affairs but also external factors. We should endow schools with more power as we trial-implement the president responsibility system. The authority, responsibility, power and benefits that come with the position should be consistent with one another; it will be difficult to carry out the president responsibility system if we do not give schools more authority. Party committees in various provinces, autonomous regions and municipalities directly under the central government and concerned departments of the party Central Committee must fortify their leadership and work closely with the departments involved in system reform. The trial implementation of the president responsibility system cannot advance if corresponding changes are not made in the overall

school managerial system. We must produce a group of low- and mid-level leaders who are "revolutionary, young, intellectual and professional." We should devise and perfect regulations and policies and form an administrative command system that is efficient, attends to particular duties and encompasses many autonomous levels. We should also establish a consulting system aimed at providing services to university presidents so that they can formulate well-thoughtout decisions. The president responsibility system cannot develop to the fullest if the above-mentioned measures are not carried out.

Those schools that have not yet implemented the system should see to it that there is a division of duty between the party and the school administrations. The chairman responsibility system should be implemented in the departments and be under the supervision of the party general branch. The party committee should relieve itself of routine duties in order to concentrate on ideological and political work. We should also study the president responsibility system in an earnest manner and create favorable conditions for its gradual implementation.

12680

CSO: 4005/546



NATIONAL AFFAIRS

BRIEFS

ARTS, CALLIGRAPHY, PHOTOGRAPHY EXHIBITION OPENS--The Golden Shield Fine Arts, Calligraphy, and Photography Exhibition, which reflects the militant life and spirit of the armed police fighters, opened at the Cultural Palace for Nationalities this morning. A total of 207 works are being displayed, including original inscriptions by leading comrades of the Party Central Committee, the State Council, and the Central Military Commission for the armed police force since its reestablishment as well as pictures and art works showing the armed police force receiving review on the 35th National Day and the militant life and spirit of its fighters in defending and building the motherland. Comrade Yang Dezhi and Chen Pixian wrote inscriptions for the exhibition separately. A number of painters and calligraphers in Beijing provided their works for the exhibition. Responsible persons of departments concerned, including Zeng Delin, We Xue, and Li Ying attended the opening ceremony. [Text] [By reporter Zhang Sutang] [Beijing XINHUA Domestic Service in Chinese 0851 GMT 15 Mar 85 OW]

CSO: 4005/659

EAST REGION

SHANDONG HOLDS MEETING ON SUPPORTING ARMY

Jinan DAZHONG RIBAO in Chinese 31 Dec 84 p 1

/Article by staff reporter: "Unite As One and Win a New Victory in the Building of the Two Civilization"]

/Text/ The provincial government, the leading organs of the Jinan Military Region and the Jinan municipal people's government held a solemn general meeting on supporting the army and giving preferential treatment to family members of revolutionary soldiers and martyrs as well as on supporting the government and cherishing the people at the "1 August" auditorium yesterday evening (30 December). More than 2,000 persons including cadres from all fronts, the masses and officers and men of the PLA, veteran soldiers of the Red Army and family members of revolutionary martyrs were present at the meeting. The whole meeting place was filled with a warm atmosphere of solidarity between the army and the people.

Su Yiran /5685 3015 3544/, secretary of the Shandong provincial CPC committee; Liang Buting /2733 2975 1656/, secretary of the Shandong provincial CPC committee and governor of Shandong Province; Rao Shoukun /1437 1343 0981/, commander of the Jinan Regional Headquarters; and Chen Renhong /7115 0088 3163/, political commissar of the Shandong Military Region, were present at the meeting.

Xiao Han /5135 1383/, member of the CPC Central Committee; Bai Rubing /4101 1172 0393/, member of the CPC Central Advisory Commission; and Fan Chaoli /5400 2600 0448/, a member of the CPC Central Discipline Inspection Commission who happened to be in Jinan, also attended the meeting.

Also taking part in the meeting were responsible comrades of the provincial CPC committee, the provincial advisory commission, the standing committee of the provincial people's congress, the provincial government and the provincial people's consultative conference including Lu Maozeng /7120 2021 2582/, Li Chang'an /2621 2490 1344/, Li Zhen /2621 2182/, Jiang Chunyun /1203 2504 0061/, Yang Xingfu /2799 5281 1381/, Yang Yanyin /2799 5888 6892/, Zheng Weimin /6774 4885 3046/, Xu Shulin /1776 1065 2651/, Gao Keting /7559 0344 0080/, Wang Jinshan /3769 6855 1472/, Wu Kaixiang /2976 7030 4545/, Wang Chengwang /3769 2052 2489/, Wang Runzhai /3769 3387 7872/, Feng Dongjin /7458 2639 6651/, Liu Zhongqian /0491 5883 0467/, Sun Jianqing /1327 3352 0615/, Sai Feng /6357 7364/, Wei Jianyi /7614 1017 9015/, Wang Zhongyin /3769 5883 7299/, Li Farong /2621

4099 2837/, Sun Shuzhi /1327 1859 0037/, Yuan Bo /5913 3134/, Qin Hezhen /4440 0735 2791/, Xu Leijian /1776 7191 0256/, Chen Lei /7115 7191/, Zhang Zhusheng /1728 4554 3932/, Xu Jianchun /1776 1696 2504/, Ma Shizong /7456 0013 1350/, Lu Hong /4151 3163/, Ma Changgui /7456 7022 6311/, Ma Lianli /7456 6647 4409/, Song Yimin /1345 0001 3046/, Zhu Qimin /2612 1142 3046/, Li Zichao /2621 1311 6389/, Zhou Xingfu /0719 2502 1133/, Guo Ticheng /6753 6318 6134/, Li Sijing /2621 1835 2417/, Tian Haishan /3944 3189 1472/ and Liang Deshan /2733 1795 1472/, president of the provincial higher people's court, Li Huimin /2621 1920 3046/, chief procurator of the provincial people's procuratorate, and veteran comrades Gao Qiyun /7559 0796 0061/ and Li Yu'ang /2621 0056 2491/ of our province;

Responsible comrades of the Jinan Military Region including Zhang Feng /1728 1496/, Li Suiying /2621 3606 5391/, Bai Bin /4101 2430/, Pan Qiqi /3382 0796 3823/, Zhang Zhi /1728 1807/, Ren Sizhong /0117 1835 1813/, Xu Zhongyu /1776 0112 4416/, Xu Chunyang /1776 2504 7122/, retired veteran comrades Xiong Zuofang /3574 0155 5364/ and Ouyang Ping /2962 7122 1627/ and responsible comrades of air force units in Jinan including Lin Jigui /2651 1015 6311/ and Zhang Zhenxian /1728 2182 0341/;

And responsible comrades of Jinan Municipality including Li Yuan-rong /2621 0337 2837/ and He Zongqi /0149 1350 6311/.

Jiang Chunyun, deputy secretary of the provincial CPC committee and secretary of the Jinan municipal CPC committee, presided over the meeting.

Li Zhen, deputy secretary of the provincial CPC committee and lieutenant governor of the province, spoke at the meeting. On behalf of the provincial CPC committee, the standing committee of the provincial people's congress, the provincial government and the people throughout the province, he sent best regards and extended season's greetings to all officers and men of the military units and armed police forces stationed in Shandong, to family members of revolutionary martyrs and soldiers and disabled veterans all over the province. After relating the situation of our province, the contributions made by the armed forces in supporting local construction and the significance of solidarity between the army and the government and between the army and the people in realizing the party's tasks and goals, Comrade Li Zhen said that we must set off in the whole province an upsurge of a mass movement to support the army and give preferential treatment to the family members of revolutionary soldiers and martyrs, go all out to educate the masses to understand the significance of supporting the army and giving preferential treatment to family members of revolutionary soldiers and martyrs. Sify publicity about the important status and role of the PLA and the police forces in defending and building our motherland, propagate the glorious deeds of the masses of officers and men in supporting the government and cherishing the people and in serving the people wholeheartedly, extend fervent assistance to garrison forces in accomplishing the various tasks and give support to the army in order to do a good job in modernization and construction. We must try to improve and perfect the work of giving special care to disabled servicemen and to family members of revolutionary martyrs and soldiers and make proper arrangements for retired cadres and cadres who have been transferred to civilian work as well as soldiers who have retired from

military service. We must visit from door to door to express solicitude to family members of officers and men who have participated in the battles of the "two mountains." We must carry out more extensive and thorough activities to enable the army and the people to make joint efforts in building the two civilizations and in fostering dual-purpose talent, establish and develop the relationship between the army and the government and between the army and the people to reflect the characteristics of the times, strengthen further the solidarity between the army and the government and between the army and the people and try to open up new prospects for carrying out the socialist modernization drive in order to strive for new victories in the building of both material and spiritual civilizations.

Zhang Zhi, deputy political commissar of the Jinan Military Region, spoke at the meeting. On behalf of the CPC committee, the leading organs and all officers and men of the Jinan Military Region, he extended season's greetings to the Shandong provincial CPC committee, the provincial government, the Jinan municipal CPC committee, the Jinan municipal government and the people of the whole province. In making a reference to the successes achieved by the Jinan Military Region during the past year in strengthening the army and local support given to the armed units, he expressed heartfelt thanks to the provincial CPC committee, the provincial government and the people of the whole province. Comrade Zhang Zhi said that the work of the army must be subordinated to the overall situation of national construction, serving its needs and giving our full support to it. This is an important guiding ideology which is for us to strengthen the army in the new historical era. In the forthcoming year, armed units of the whole region must have the cardinal principle in mind, take the overall situation into account and act in accordance with what the overall situation requires of us in order to make a due contribution to the cause of national reconstruction. We must continue to carry forward the glorious traditions of the army and go still further to carry out more intensive and thorough activities for the army and the people to make joint efforts in building a spiritual civilization so as to do a good job in realizing the "possession of both intelligence and physical strength" and to make joint efforts in cultivating talented people who are qualified for the four requirements. We must conscientiously participate in the construction of the key engineering projects of the state and play an exemplary role in observing the policies and laws of the party and the state. We must insist on following the example of Lei Feng by rendering various kinds of services for the good of the people and performing actual deeds to solidify and develop solidarity between the army and the government and between the army and the people in order to make efforts for the grand cause of the four modernizations drive. Officers and men of the whole region must exert themselves to do a good job in conducting education and training for the armed forces in order to improve their fighting capacity. We must at all times bear in mind the sacred duty of defending both our motherland and the four modernizations drive.

After the meeting, the army and the people enjoyed a movie together.

EAST REGION

LIU PENG URGES QINGDAO CPC TO LIBERATE THINKING

Qingdao QINGDAO RIBAO in Chinese 25 Dec 84 pp 1-3

[Speech by Liu Peng [0491 7720], vice governor of Shandong and standing committee member of Shandong Provincial CPC Committee, at 5th Municipal CPC Congress on 17 December 1984]

[Excerpts]

Comrades,

At the request of the 4th Qingdao municipal CPC committee, I now present to you for your consideration a report on our work.

I. Review of the Work Since the 4th Qingdao CPC Congress

It has been more than 9 years since the 4th Qingdao CPC Congress was held in September 1975. During this period, we triumphantly smashed the Jiang Qing counterrevolutionary clique and, since the 3d Plenary Session of the 11th party Central Committee, have experienced the great historic change of bringing order out of chaos and created a very good situation of comprehensive reform under the guidance of the spirit of the 3d Plenary Session of the 11th party Central Committee.

The "cultural revolution" was an internal disorder which wrought havoc with our party, state and nationalities. In this internal turmoil, Qingdao was one of the nation's "disaster areas" and suffered particularly severe damages. A number of mistaken tasks was proposed at the last CPC Congress, which was held in the waning days of the "cultural revolution". For over a year after that congress, we also carried out several policies as dictated by the "cultural revolution", which were all misguided politically, ideologically and organizationally.

In the 2 years since the smashing of the "gang of four," we exposed and criticized the crimes of the Jiang Qing counterrevolutionary clique, thoroughly investigated the events and people implicated in its conspiracy to usurp the party leadership and seize state power, basically destroyed their factionalist setup and revived and advanced all kinds of enterprises. But since we accepted the mistaken viewpoint of the "two whatevers" and continued to implement a



number of "Leftist" policies, the situation fundamentally remained unchanged. Particularly regarding the important principle of applying the standard of truth in discussion, we took only a wait-and-see attitude for a long period. Even after Comrade Deng Xiaoping urged us to double our efforts in this matter, we still failed to come to grips with it, severely affecting the liberation of our guiding ideology and the work of rendering right what had been wrong.

The 3d Plenary Session of the 11th party Central Committee, which was of profound significance, set us free from the strait-jacket of longstanding "Left" errors, corrected the party's guiding ideology, reaffirmed the Marxist ideological, political and organizational lines and effected a shift in the focus of the party's work. Since the 3d Plenary Session of the 11th party Central Committee, the municipal CPC committee and party organizations at all levels have corrected "Leftist" mistakes, cleared up problems inherited from the past, implemented the party's various policies, strengthened and improved the party's leadership, taken part in the construction of the two civilizations, and done a lot of work, with notable results to show for it. By studying the series of documents and directives issued by the Central Committee, the rank and file, cadres and the masses have deepened their understanding of the party's line, principles and policies since the 3d Plenary Session of the 11th party Central Committee and increased their consciousness of the need for political conformity with the Central Committee. We have corrected numerous mishandled cases and carried out a full range of policies. For the city as a whole, a total of 91,000 people have had their policy problems resolved. We have also readjusted, reformed and restructured the national economy so as to increase economic results. We have relaxed our economic policies, encouraged diversification and the contract responsibility system, and speeded up the healthy growth of the national economy, particularly notable are the rapid changes in the rural areas. Despite energy shortages and a serious lack of water resources, industrial output continued to rise, reaching 10.24 billion yuan in 1983, up 41.6 percent over 1978. The average annual growth rate was 7.2 percent. New achievements have also been scored on such fronts as finance, trade, capital construction, science, technology, culture, education and health, strengthening the construction of the socialist spiritual civilization. As activities to promote the "five stresses, four beauties and three loves" became widespread, cultural organizations also mushroomed. We have basically completed the task of reforming party and government organizations at the municipal, district, county and village levels, and rectified all leading cadres in accordance with the "four transformations" criteria for cadres. The result is that they are now much younger and better educated. Moreover, we have improved the party climate and strengthened party discipline, in accordance with the requirements of the new party constitution and the party "code" and eliminated evil practices. Socialist democracy and the socialist legal system are getting stronger by the day, and we are winning our war against economic crimes and serious criminal offenses. Both social climate and the law-and-order situation have improved. Urban construction has made steady progress and people's livelihood has clearly changed for the better. It is certain that since the 3d Plenary Session of the 11th party Central Committee, party organizations at all levels in the municipality have worked hard in accordance with the lines, policies and principles set forth by the Central Committee and that the political and economic situations in Qingdao continue to develop in the right direction. Our achievements are considerable. But our work during this period



has not been free from lapses and errors. A major lapse was that in carrying out the resolutions of the 6th Plenary Session of the party Central Committee and implementing the spirit of the 4th municipal CPC Congress, we did not fully relate our work to Qingdao's realities. Nor did we seriously uproot "Leftist" influences and completely refute the "cultural revolution." We were also less than thorough in eradicating factionalism, clearing up problems inherited from history, implementing the party's policies on people, and strengthening unity. By refuting the "cultural revolution" totally, the 4th Municipal CPC Congress drew a clear line between right and wrong and presented us with an excellent opportunity to solve the problems by integrating them with the realities in Qingdao. But leading cadres on the municipal CPC committee underestimated the heavy toll taken locally by the "cultural revolution", and did not fully understand the importance of eradicating factionalism. Nervous and swayed by considerations of personal gains and losses, they made only perfunctory, half-hearted and haphazard efforts to transmit and implement the spirit of the 4th Congress. The opportunity was lost because of their failure to grapple with the problems righteously and forcefully. Nor were they more energetic in dealing with the "three kinds of people." As far as economic construction was concerned, their thinking was not liberated enough and their innovative reform spirit fell short of what was required. Complacent and conservative, they lacked the drive to push ahead, to excel. The results were an unsatisfactory economic performance and a rate of economic development which lagged behind those of the province and the nation. All this has prevented the situation in the municipality from improving at a faster pace.

Last July, the provincial CPC committee readjusted the leading cadres on the standing committee of the municipal CPC committee. The standing committee of the provincial committee also held a special session on Qingdao and issued a "summary of the minutes." Over the past 4 months, this "summary" has been the focus of implementation efforts by the municipal CPC committee and all other party committees, with excellent results, marking a new starting point in the work of our municipality. The rank and file, cadres and the masses unanimously agreed that the "summary of the minutes" represented a realistic assessment of the work in Qingdao since the 3d Plenary Session of the 11th party Central Committee. They have integrated their understanding of the Qingdao situation, strengthened their confidence in opening up a new phase in their work, raised their consciousness of the need to thoroughly refute the "cultural revolution" and eliminate factionalism, and realized that the "cultural revolution" was a total mistake in theory and practice. Factions which emerged during the "cultural revolution" were invariably the product of the erroneous notion of "continuing revolution under the proletarian dictatorship," and there was nothing "correct" about any one of them. All that talk about "one faction is right, one faction is wrong" and "one pattern" was nonsense through and through. By implementing the "summary" of the standing committee of the provincial CPC committee, we further carried out the party's policy and cleared up some problems inherited from the past. We have implemented the party's policies on intellectuals, the united front, overseas Chinese and private savings with some success. During this period, the leading cadres of the municipal committee and party organizations at all levels have tried hard to achieve unity, both inside and outside the party, through diverse methods and further eliminated barriers and hang-ups. A new situation has therefore emerged in which everybody is forward-looking, concerned about the general interest and dedicated to the four modernizations.

Since the beginning of this year, we have effectively speeded up economic construction across the board by following the Central Committee's open door policy and its instruction on economic structural reform and the standing committee's "summary." From January through November, industrial output value reached 7.6 billion yuan, an increase of 8.7 percent over the same period in 1983. The output value of diversified agricultural operations also exceeded the figure for the same period last year by 20 percent. The summer grain crop was off due to a severe drought, but for the year as a whole, grain production still amounted to a historic record of 4.8 billion catties. Both the importation of foreign capital and the forging of links with the inland economy have made significant headway. Over 90 agreements, with a total value of 100 million dollars, were concluded with foreign firms, which is more than the sum of all foreign investments in the past 5 years. At the same time, we signed more than 70 agreements with inland enterprises, attracting a total of 270 million yuan in inland capital. Despite such achievements, our record pales in comparison with the demands of the Central Committee and the provincial committee and with those of our advanced fraternal cities. At present, "Leftist" influences still exist and we must try even harder to uproot the ideas left behind by the "cultural revolution," particularly factionalism. Much work remains to be done to implement the party's policies. Certain maladies in our existing systems still seriously circumscribe our freedom of action. There is much in our ideology and style of work which jars with the needs of socialist modernization. All comrades in the party must understand this point clearly.

Looking back on our work, we must say that we owe all our achievements to the guidance of the party's line, principles and policies since the 3d Plenary Session of the 11th party Central Committee, and the joint efforts of the rank and file, cadres, and the masses. By extensively assisting and supporting local work, PLA units stationed in Qingdao have contributed greatly to helping and safeguarding the construction of the socialist material civilization and spiritual civilization and the development of our good economic and political situations.

Comrades, the 12th National Party Congress put forward the party's general tasks and goals in the new era. The 3d Plenary Session of the 12th party Central Committee adopted the "Decisions Concerning the Reform of the Economic System." Both moves constitute an essential strategic plan by the Central Committee for wholesale structural economic reform in China and a crucial guarantee for expediting the four modernizations and quadrupling the nation's total industrial and agricultural output value. No sooner had the 3d Plenary Session ended than Comrade Hu Yaobang came to inspect our work and made an important speech in which he elaborated the spirit of the 3d Plenary Session and demanded that we be practical and realistic and further set free our thinking so that economic structural reform could progress in a healthy way. He also asked us by way of emphasis, "Has the work in Qingdao been set free? How liberated is the thinking of leading cadres at all levels?" "Is Qingdao's importance in the economic construction of the entire Shandong Province fully understood?" He pointed out clearly, "Qingdao is the economic, scientific, technical and cultural center of Shandong. From the developmental perspective, Qingdao is also the communications center of Shandong. If Qingdao does a good

job and pulls ahead, it will exercise a major influence on the economic development of the whole province." He further demanded that we quicken the transformation of Qingdao into one of the key hubs linking China with the world's 5 continents and over 100 countries. Comrade Hu Yaobang's important speech pointed out the way for our efforts. As one of the 14 coastal cities which the Central Committee decided to further open to the outside world, Qingdao bears a vital responsibility in socialist modernization. Both the Central Committee and the provincial committee have high hopes in us and given us a good deal of backing. Party organizations at all levels throughout the municipality, the rank and file, cadres, and the masses must try to fully understand Qingdao's position and the demands which have made of us by the Central Committee and the provincial committee and intensify our sense of responsibility and urgency and do an even better job. We must implement the spirit of the 12th National Party Congress, the 3d Plenary Session of the 12th party Central Committee and Comrade Hu Yaobang's speech, continue to carry out the spirit of the 4th Municipal CPC Congress and the "summary" of the standing committee of the provincial committee, further liberate our thinking, broaden our vision and face the province, the nation, the world and the future. We must be eager to forge ahead, reform and innovate so that Qingdao can really become a "window of technology, knowledge, management and foreign policy." We must strive to be a pacesetter for the province and the entire nation, try with all our might to make Qingdao a socialist modern city of the first order and contribute to the goals put forward by the provincial committee of "quadrupling agricultural and industrial output value ahead of time, enriching the people and revitalizing Shandong."

#### 1. Seriously Study and Implement the "Resolutions" and Comrade Hu Yaobang's Speech, Speed up the Structural Reform of our Overall City-Oriented Economy

The "Resolutions" passed by the 3d Plenary Session of the 12th party Central Committee, which takes into account both basic Marxist theories and China's realities, is a programmatic document for guiding the country's economic structural reform. It expounds the urgency and importance of speeding up our city-oriented economic structural reform and points out the direction of reform as well as its nature and tasks. The speech made by Comrade Hu Yaobang in Shandong is essential to our correctly understanding and implementing the "Resolutions." We must relate both the speech and the document to Qingdao's realities and firmly carry them out.

But before we can seriously study the "Resolutions" and Hu Yaobang's speech, develop a good grasp of their spirit, integrate ideology with the realities of our work, and solve problems in a hard-hitting way, we must further liberate our thinking, liquidate "Leftist" influences and courageously overcome all outdated ideas, methods and conventions that stand in the way of the development of social productive forces. Instead of embracing a closed, self-sufficient economy, we should cultivate the idea of an open, commercial economy, consciously apply the theory of value and energetically develop a socialist commodity economy. We should replace inertia and conservatism with a drive to explore and innovate, a flair for merging the party's policies and principles with the realities of our own unit and carry them out creatively. Instead of discounting our ambition and underestimating our capabilities, we should

encourage a deep love for Qingdao and a desire to develop it. To do a good job in developing Qingdao, we must insist on high standards, accept nothing other than the best and replace our traditional disregard for punctuality and efficiency with a new concern for such qualities. With a heightened sense of urgency about reform, the open door policy and quadrupling the total industrial and output value, we can speed up our work, surmount all kinds of barriers that lie in the way of reform and push ahead without interruption.

The premise of the present city-oriented economic structural reform is the historical party demand that we must integrate basic Marxist principles with China's realities. Its basic purpose is to liberate our thinking even further so that we can chart our own path in building up a vibrant, dynamic socialist economy with Chinese characteristics and promote the development of social productive forces. It is under the premise of socialism that we seek to reform the economic system by changing the relations of production and the series of interconnected links in the superstructure which are not suited to the development of productive forces. In essence and substance, the reform demands that we affirm the correct relations between the state and enterprises, and between the enterprises and their workers. In reforming the city-oriented economic system, we must firmly grasp this essence in order to promote social stability and production development, improve people's standard of living and increase national wealth.

To build a vital and dynamic socialist economic system, we must properly reform the planning, pricing and labor wage systems and the functions of government agencies as economic managers. In reforming the existing planning system, we should narrow the scope of command planning while broadening that of guiding planning and relying more on the market to regulate the economy. In particular, we must slowly relax annual planning and let enterprises organize production and operations on their own. Pricing and labor wage systems cover a huge area and involve more complex issues. In making changes in these areas, we must follow the unified plan of the Central Committee and the State Council and go about it in stages. The state should be separated from enterprises. Administration should be simplified, with more power delegated to the enterprises. We must abandon our traditional dependence on administrative means as management tools, shorten the number of management levels, streamline administrative agencies, eliminate such bureaucratic practices as organizational overlapping, functional fragmentation and inter-agency squabbling. We must gradually establish a management system which is scientific, legalistic and modern, make full use of government agencies as overall planners, macro decision-makers, coordinators and supervisors, at the same time scaling down their direct intervention in the miscellaneous economic activities of enterprises, and use economic management tools to better effect. Party and government organizations must be enlightened in the delegation of powers and meticulous in their services and make a conscientious effort to successfully reform themselves. Such organizations and their cadres must seriously fulfill the responsibilities entrusted in them by the party and the state, and uphold the principles of the separation of the state from enterprises and the disengagement of officials from commerce. On no account should they use their power to go into business in violation of party and state regulations in order to advance personal interests.



Reforming our municipality's industrial structure and expediting the growth of the third industry both comply with the demands of objective laws and meet the urgent needs of the masses. As the open door policy unfolds, industrial forces develop and consumption rises, the development of the third industry has become inevitable and as such must be dealt with promptly. We must raise our understanding, set free our ideas, go about developing the third industry without any inhibitions, draw up policies which encourage and support it, get rid of monopolistic operations and ensure that state-operated enterprises, collectives and individuals prosper together. From now on, when we allocate jobs to urban residents, surplus rural labor and redundant workers in enterprises, we should take into consideration the third industry. The municipality, counties and townships must set up, in a planned way, a number of commercial neighborhoods, each with its own characteristics, and go out of their way to encourage and support peasants who wish to invest in restaurants, hotels and other trades in town. We should simplify procedures for their convenience, and help them solve such problems as capital, site and land selection. It will take a concerted effort on everybody's part to put out third industry on a firm footing within a short period of time.

Our municipality's various districts play an important part in our reform and in the open door policy. We should expand the functions of the five districts in the municipality and strengthen those of the neighborhoods so that they can give their best to the development of the third industry as well as urban construction and administration.

City-oriented economic structural reforms, which are much more complex than rural reforms, concern the future of the nation and the basic interests of vast numbers of workers, peasants and intellectuals. As we and the masses grope for a new path, leading organizations and cadres at all levels must remain clear-headed and provide correct guidance and painstaking instructions every step of the way. We must seek truth from facts and take realities as our point of departure. With detailed research as our base, we should work out a comprehensive municipality-wide reform scheme in accordance with the plans and demands of the Central Committee, the State Council and the provincial committee. The pace of reform must be steady as well as brisk. Where there is no uncertainty, we should plunge headlong into it. Where there is doubt, we should make tentative experimental changes. All departments and units should mobilize their initiatives and creativeness and firmly tackle any problems within their own jurisdictions. Do not hesitate. In short, we must adhere to the policies and principles of the Central Committee, exert ourselves and innovate in order to ensure the smooth progress of reform.

## 2. Do a Solid Job and Quickly Open Up a New Phase in the Open Door Policy

It has been China's traditional state policy to open up the country to the outside world and expand economic and technical exchanges on the basis of self-reliance. The State Council has formally responded to our report on progress in opening up the city and our plan to designate economic and technical development areas. We should follow the demands of the Central Committee and the provincial committee, accomplish our tasks in a no-nonsense manner and open up a new phase in economic and technical exchanges with other nations.

1. Seriously Implement the Policy of Opening the Country to the World, and Other Policies on Tourism, Foreign Trade and Serving the Needs of Urban Residents; Speed up the all-round Development of the Rural Economy

During his inspection tour in Qingdao, Comrade Hu Yaobang pointed out, "Rural economic policies should continuously be revised as the open policy develops." The rural economy "must serve the open door policy, foreign trade, tourism and the living needs of urban residents." Comrade Hu Yaobang's important instruction points out a direction for the development of the rural economy. We must earnestly carry out the policy of "four services," further reform the system under which the municipality manages the counties, give full play to the advantages of both the city and rural areas, fuse their economies as one, and promote their mutual stimulation and coordinated development in order that our municipality's rural economy can catch up with and exceed that of the entire province in a relatively short period of time.

The key to fulfilling the "four services" lies in readjusting the rural production structure, upholding the comprehensive development of agriculture, forestry, animal husbandry, sideline production and fishery, and the integrated development of agriculture, industry and commerce, and speeding up the professionalization and modernization of the rural economy to make it a more commodity one. First, we must readjust the mix of our crop. Without affecting the steady growth in the municipality's total grain production, we should appropriately reduce the acres devoted to grains and cotton and increase those earmarked for other cash crops, thereby achieving a reasonable ratio between grain crops and cash crops. Second, we must readjust the overall agricultural structure, go all out to develop forestry, fruit cultivation, animal husbandry and fishery, and gradually make these various agricultural sectors self-sustaining. In particular, we must fully exploit the advantages of the city's coastal areas by actively developing aquaculture, especially fresh water aquaculture in reservoirs and ponds. We must also vigorously develop our barren hills and desolate beaches and intensify the construction of our islands. Our counties and districts should make full use of their strong points and, depending on local conditions, develop production centers for their special non-staple food products, industrial raw materials and export commodities. They should take effective measures to build up their value-added agricultural by-product processing industry, particularly food processing and utilization in order to consolidate their fodder industry, which, in turn, can translate into more meat, poultry, eggs and milks to meet the rising needs of both rural and urban residents. Third, we must readjust the entire rural economy, strive to develop such non-agricultural sectors as industry, commerce, transportation, construction and services so that the rural economy can flourish across the board. We must tackle the development of rural and township enterprises as a key strategic measure. By 1989, rural and township enterprises are projected to gross 2.68 billion yuan in total revenues, a four-fold increase over their income in 1980.

Sound and rapid rural economic development depends on implementing the party's various rural policies. We must further consolidate the joint production contracting system which is dominated by household operations, extend land contracting periods, further improve land rectification and encourage the concentration of land in the hands of productive peasants, thereby enabling more



people to leave the land and enter other trades. We must actively develop specialized households and economic and support peasants in expanding commodity production. The rural economy should also open up and establish more external links. Another way to invigorate the rural economy is to import equipment and technology and attract funds and experts. More attention should be paid to the development of small towns, transforming them into regional political, economic, cultural, scientific, technical and information centers, as well as collecting and distributing points for agricultural and sideline products bound for urban areas, and industrial products flowing into rural areas. The aim is to enable them to play an essential role in promoting economic prosperity in both the city and villages.

Qingdao has a rather solid industrial base. We are also poised to further open up our economy. These are advantages which we should fully exploit in rapidly developing our rural economy. We must draw up an overall plan to take in both the rural and urban economies, science and technology, culture and education, and gradually build up networks of industry, communications, science and technology, information, culture and education to bridge the gaps between town and country. We should commit ourselves to the distribution of industry in rural areas. Most medium and large industrial projects in future should be located in the six counties and the Huangdao district. In making plant siting decisions, relevant municipal departments, factories and enterprises must consider the entire municipality with its 10,600 km<sup>2</sup>. In accordance with the principles of voluntary participation and mutual benefit, they should help county, rural and township industries expand their scope of business and improve technical and management standards by establishing branch plants and cooperative enterprises or through the integrated production of main products. Preferential treatment should be adopted to encourage a flow of technical and professional personnel towards villages. Help should be rendered to rural areas in economic, technical, cultural and educational matters and public health. Circulation channels for rural and urban commodities must be cleared so that the peasants will no longer have difficulties selling their products or buying things that they need, as they do at present. Through a variety of approaches, we must make it possible for peasants to become wealthy as soon as possible, at the same time helping the poor and honoring our "five guarantees." In this way, the rural situation will get better and better.

#### 4. Expedite the Development and Training of Expertise; Promote Scientific and Technical Progress

Comrade Deng Xiaoping has pointed out, "All ten provisions in the 'Decisions of the Central Committee of the CPC Concerning Economic Structural Reform' are vital. But particularly crucial is the ninth provision, namely, 'respect knowledge and intellectuals.'" Our success depends on whether or not we discover talented people, make good use of their knowledge and develop experts. To reform our economic system and open up the country to the world, we badly need a huge number of experts. The competition between products and technologies today boils down to a battle of wits between experts. Therefore, party organizations at all levels must consider the development and training of experts a strategic priority, further eliminate such "Left" ideas as contempt for intellectuals and knowledge, and quickly turn out an army of cadres

schooled in modern technology and management. We must conscientiously implement the party's policy on intellectuals, solve their "difficulties in getting admitted into the party," take effective steps to raise their social position, and gradually improve their working conditions and wages so that they can concentrate on their work without any worries. We must continue to tackle the problem of people not being able to use their learning or specialty at work, and bring about the optimal utilization of the talent of our people, thereby mobilizing their enthusiasm and innovativeness. We must actively create an environment in which all kinds of professionals are given an opportunity to brush up their skills, refresh their knowledge and improve their professional and managerial equipment continuously. We must make better use of scientific research organizations and institutions of higher education in the municipality, and encourage economic departments and enterprises to establish closer contacts with them to work out arrangements for expert development by science research organizations and universities. We must also support self-education and accept experts who have come up through different channels. As one way of reforming the management system of science and technical personnel appointment system in order to promote their rational mobility, correct their irrational distribution and solve the problems of misuse and underutilization. As a living treasure trove of intelligence, experts play a special part in opening up the country to the world and making the flexible policy work at home. While we introduce foreign capital and technology, we must at the same time pay attention to the importation of experts. We must offer attractive salaries to and welcome with open arms any well qualified expert, no matter where he comes from, as long as he is willing to work here, cooperates with us and has the kind of expertise which we need.

### III. Further Strengthen the Construction of Socialist Spiritual Civilization; Continue to Improve Socialist Democracy and Legal System

#### 1. Strengthen Our Communism-centered Ideological Education, and Promote the "Five Stresses, Four Beauties and Three Loves"

Strengthening our communism-centered ideological education constitutes the core of the construction of a spiritual civilization. At a time when we are carrying out reforms across the board and further opening our country to the world, the successful implementation of our communism-centered ideological education assumes a practical significance for firing people's revolutionary spirit and enhancing their ability to resist the corrosive, decadent ideas of capitalism. Bearing in mind the realities of reform and the open door policy, we must constantly adhere to the four principles in education: We must educate the people in communist ideals, beliefs and ethics; in patriotism and internationalism; in the revolutionary tradition; and in the party's internal and external policies. We should continuously raise the political consciousness of all party members and all citizens, encourage them to forge ahead, to excel with all their might, and to commit themselves without reservation to the four modernizations.

Party committees at all levels should make ideological and political work their priority and put it at the top of their agenda and seriously implement the "Program for the Ideological and Political Work for Employees of State-Operated Enterprises" (Trial) which has been approved by the Central Committee and the

"Circular of the Central Committee concerning the Strengthening of Ideological and Political Work in Rural Areas." Our aim is to make such work a vehicle for increasing economic results, improving economic reform and fulfilling the general tasks and goals put forward at the National Party Congress. Now that we are opening our door even wider and making our economic policy even more flexible, we must study the new situation meticulously, solve any new problems that may crop up, and enthusiastically try to do a good job in ideological and political work in our new environment. We must have the courage to criticize any unhealthy practices and incorrect tendencies and be tactful at admonishing people against them. We should use lively, imaginative methods to make our ideological education more appealing, persuasive and far-reaching so that it permeates into every reform and every project. We must build up sound ideological and political work organizations, strengthen the construction of our contingent of political workers, keep improving their political and professional quality, fully exploit such organizations as education departments, trade unions, the Communist Youth League and the Women's Federation, successfully come to grips with this task and usher in a new era in our municipality's ideological and political work.

Activities promoting the "five stresses, four beauties and three loves" represent a sensible approach towards creating the socialist spiritual civilization. We must keep them up and make them more in-depth, systematic and regular. In future, civilization construction units are to determine the basic substance and mode of the "five stresses, four beauties and three loves." All towns and villages should draw up a concrete plan outlining measures that they will take to set up such a civilization unit. To make our citizens, units and municipality more civilized, we must continue to mobilize the masses to deal with "filth, disorder and low standards", improve codes of conduct applicable in rural areas, factories and shops and work rules in order to create an orderly, pleasant environment of the first order in which good services are taken for granted. We should encourage the entire citizenry, particularly young people, to learn from Lei Feng and spare no efforts in creating a healthy atmosphere in which the good deeds of good people are commended and the spirit of socialism boosted. All trades and professions should encourage their people to "learn, innovate and excel."

### 3. Strengthen the Construction of Socialist Democracy and Legal System, Consolidate and Develop a Stable, United Political Situation

The construction of a sophisticated socialist democracy is one of the party's basic tasks and goals and a guarantee for the construction of the socialist spiritual civilization and material civilization. We must continuously improve socialist democratic education and gradually expand socialist democracy to all spheres of life, including politics, economics, culture and society. We must strengthen and support the work of the National People's Congress, respect its powers and ensure that the People's Congress at various levels in the municipality fully and legally exercises their functions as organs of state or local power. We must continue to strengthen the construction of basic organs of political power in rural and areas, set up or improve village committees, residents committees and other grassroots self-governing institutions involving mass participation, such as people's mediation committees and public security committees, and help them exercise their proper functions. Party and

government organizations at all levels must conscientiously protect people's democratic rights, attach importance to the letters submitted by the people and their visits, listen to the masses' opinions and mobilize them to take part enthusiastically in the management of miscellaneous enterprises.

To make socialist democracy systematic and legalistic, its construction must be closely related to that of the socialist legal system. All departments and units, particularly schools, should take pains to do a good job in educating the people about our legal system, so that the rank and file, cadres and the masses get to know the law, understand it and obey it. We should cultivate and heighten a sense of legality among the people so that they will discharge their business in accordance with the law and have the courage to challenge illegal behavior. All leading cadres and party members must set an example by obeying the law and seriously carry out the party Constitution and other laws promulgated by the state. All government agencies should strictly execute the laws of the state. Law enforcement must be thorough and strict. Whoever violates the law must be brought to justice. We must strengthen the work of notaries and lawyers. No effort should be spared in improving the ideology, organization, style of operation, political and professional quality of our political, legal and public security contingent. Police management must be strict. To meet the needs of the new situation, we must also carefully but actively reform political and legal work and get rid of old practices so that it can better serve the new open door policy and the flexible economic policy.

We must strengthen the dictatorship powers of political and legal public security departments and resolutely crack down on criminal offenses, economic crimes and counterrevolutionary sabotage. We must pursue the policy of dispatching of criminals sternly, swiftly and in accordance with the law until final victory. As far as serious economic criminals are concerned, particularly those involved in major crimes, we must conduct thorough investigations and punish them as the law provides. To ensure the smooth progress of all reforms, we should hit out hard and quickly against criminals who have committed serious offenses trying to sabotage our economic reform. We must take extra care to strengthen state security. Under the unified leadership of party committees at various levels, all fronts and all departments should make a united, multi-pronged effort towards this end. We should establish and perfect a public security responsibility system, adhere to the policy of joint patrol by the military, police and militia, arbitrate civil disputes, pay special attention to the rehabilitation of juvenile delinquents, improve the program of reform through labor and reform through education, and bring about a fundamental improvement in the municipality's law and order situation through crime prevention and crime reduction.

Strengthening the people's militia and the people's armed forces department both safeguards the four modernizations and meets the needs of a future war against aggression. Party committees at all levels should insist on the principle of the party controlling the armed forces and strengthen their leadership over people's militia. They should seriously study and implement the "Military Service Law of the People's Republic of China" passed by the second session of the 6th National People's Congress, improve the reserve duty system, continue the three implementations of the people's militia, improve their



military and political quality, and fully exploit them as a vanguard in constructing the civilizations and defending the four modernizations.

The relatively large number of military units stationed in Qingdao, who are charged with the glorious duty of defending the motherland, constitute another important force in constructing Qingdao. We should further strengthen the unity between the military and the government, and between the military and the people, support the army and give preferential treatment to the families of revolutionary soldiers and martyrs, take good care of PLA cadres who have retired, changed jobs or been discharged, implement the party's policy of giving preferential treatment to disabled servicemen, and actively support the building of a revolutionary, modern and regular army, thereby contributing to Qingdao's prosperity and the nation's strengthening.

#### IV. Comprehensively and Conscientiously Rectify the Party, Strengthen and Improve the Party's Leadership

The party's leadership is the basic guarantee for the victory of our socialist modernization. To meet the needs of the four modernizations, the Central Committee has decided to devote 3 years to rectifying the party comprehensively. We must firmly execute the "Decisions of the Central Committee of the CPC Concerning Party Rectification" and the opinions of the Central Commission for guiding party rectification and the provincial committee on the second stage of party rectification, carry out the work seriously, making ceaseless efforts to strengthen party construction, and transform party organizations at all levels in Qingdao into a strong core capable of providing leadership for our socialist modernization.

##### 1. Rectify the Party Successfully and Improve the Party's Fighting Capacity

After several years of rectification following the 3d Plenary Session of the 11th party Central Committee, party organizations in Qingdao have made marked improvement and the party contingent is getting bigger and stronger by the day. There are almost 300,000 party members in our municipality, who are essentially of a high quality and have set an example for the people in constructing the four modernizations. But impurity still affects the ideology and behavior of some members. Many members still under the influence of "Leftist" ideas harbor skepticism about the party's present policies and cannot consciously achieve political and ideological unanimity with the party. Forgetting the basic aim of serving the people wholeheartedly, some members have become ultra-individualists, exhibit serious bureaucratism, have no sense of responsibility for their duties, exploit their public position for personal gains and even accept bribes, violating the law and discipline. Disregarding the party and defying the law, others with little party spirit go in for anarchist and factionalist activities. Lacking any unity, discipline or fighting capacity, a handful of party organizations have slipped into a state of ossification of semi-ossification. The presence of the "three kinds of people" in the party has not been completely solved. All these problems seriously affect the party's prestige, impede the implementation of the party's line, principles and policies and must be firmly and effectively dealt with. We must thoroughly understand the present rectification's importance and urgency and strive to achieve it by solving the problems in a down-to-earth

manner in accordance with the demands of the Central Committee and the concrete plans of the provincial committee. In this way, we can bring about a basic improvement in party morale and raise the fighting capacity of party organizations from top to bottom.

The plan of the provincial committee divides party rectification in Qingdao into four phases. The first phase, due to take place between December 1984 and July 1985, affects organizations at the municipal level together with central and provincial units stationed here. The second phase, scheduled to last from April 1985 through year end, affects county and district organizations, municipality-operated colleges and universities, and enterprises and other units above the county level. The third phase, which will begin in the winter of 1985, affects rural areas, townships, neighborhood offices, and enterprises and other units run by counties and districts. The fourth phase, due to begin some time during 1986, will affect such grassroots organizations as village and residents committees. The third and fourth phases are to proceed concurrently and will be completed by the end of 1986.

Party rectification in Qingdao is based on the 3d Plenary Session of the 12th party Central Committee and the first stage of party rectification. We should closely follow the general tasks and goals of party rectification, implement in depth the spirit of the 3d Plenary Session of the 12th party Central Committee, closely integrate it with the city-centered reform of our economic structure scheduled to begin in 1985, draw up a program for the "Seventh 5-year Plan", further rectify leading cadres at all levels, make use of and learn from the experience of the first stage of party rectification and "unify our thinking, rectify our style, strengthen our discipline and purify our organization."

In accordance with the demands of the provincial committee and Qingdao's realities, we must stress the following six issues: (1) Correct the guiding ideology in our professional work. Further set free our ideas, eliminate "Leftist" influences, get rid of old practices, boldly do away with all policies, rules and systems which stand in the way of reform the open door policy and the development of productive forces. We must strive to be able to discuss affairs of state, understand the overall situation and manage our own particular specialty so that all our work will contribute to the realization of the party's general tasks and goals. (2) Thoroughly refute the "cultural revolution." Seriously implement the spirit of the Central Guiding Commission and the "summary" of the provincial committee. Carry out a thorough educational campaign totally refuting the "cultural revolution." Provide guidance to our rank and file and cadres in summing up their experience. Further enhance party spirit and eliminate factionalism in order to totally refute the "cultural revolution" ideologically, theoretically, organizationally, operationally and in every other way. Make ourselves conscious of the need to be consistent with the Central Committee at all times. The handful of diehard factionalists who interfere with rectification and other work should be dealt with sternly in accordance with party discipline. (3) Heighten communist awareness and inspire a revolutionary spirit. Educate members on how to be members of the Communist Party, bearing in mind the realities, particularly the real problems which have emerged in the course of reform. Every party member should work hard to raise his political consciousness and cultivate a revolutionary spirit with a



commitment to excellence. They should be upright, fair, incorruptible and dedicated to serving the people, and strive to make themselves well-qualified, even outstanding, members. (4) Seriously correct the evil tendency towards bureaucratism, the abuse of public authority for personal gain and other unhealthy practices, which create difficulties for reform. Some employees in state organizations and enterprises illegally buy up state-controlled commodities and resell them to make a profit at public expense, sabotaging reform and undermining state plans and construction. Others unilaterally and suddenly promote themselves to higher positions and in so doing, interfere with the state employee wage reform and its cadre system. Still others forge the books for personal profit, accept bribes, steal tax money, evade taxation and illegally divide up among themselves materials and money that belong to the state. We must confront all these crimes head on and investigate them thoroughly. The more we want our economy to be flexible, the more we want to invigorate our enterprise, the more we must guard against the corrosion of capitalist ideas, and the more we must overcome degenerate phenomena in which people act extremely irresponsibly towards the party and the state, exhibit serious bureaucratism and abuse public authority to enrich themselves. We must take the construction of a healthy party climate and party discipline very seriously. Rectifying units should begin by improving the party climate. (5) Purify the party's organizations. The key lies in getting rid of the "three kinds of people." We must be firm, patient and cautious. While we must not let anyone off the hook, we should not amplify the problem, either. We must pledge ourselves to annihilating factionalist resistance and dismantling other barriers realistically. As a matter of principle, all "three kinds of people" must be expelled from the party except those who, after an extended period of observation, are certified as having repented their crimes. People who have defied the line of the Central Committee since the 3d Plenary Session of the 11th party Central Committee and who have seriously violated the law must also be expelled from the party. (6) Strengthen the construction of leading cadres and the third echelon. Through rectification, we shall be able to transform our leading cadres at all levels into a core of competent, united leaders who follow a correct ideological line, have an innovative spirit and the courage and ability to solve practical problems, and can lead the rank and file, cadres and the public in opening up a new phase in party construction. At the same time, we must promote and train a large number of outstanding reserve cadres.

Comprehensive party rectification is the most important job in party construction. Party committees in units scheduled for rectification in the first phase should take effective measures to strengthen rectification leadership. Leading comrades on such committees should get themselves involved personally. To prevent rectification from degenerating into perfunctoriness, we should insist on high standards, make stringent demands, and follow the procedures of comprehensive party rectification in mastering party documents, comparison and examination, centralized rectification, organization, membership registration, checking and approval, etc. We must emphasize raising the party members' understanding of party rectification. Party members must master party rectification documents, relate them to realities, develop a sense of urgency and importance about rectification, correct their attitudes and take an active part in rectification. Also pay attention to ideological education, uphold the principle of "learning from past mistakes to avoid future ones, and curing the

sickness to save the patient," and launch a criticism and self-criticism campaign, but only with the idea of helping those who have gone astray. We should reason with them to make them see the errors of their ways. In this way we can both clarify their thinking and unite them with us. Rectification and reform should go hand in hand. All problems which can be solved should be solved promptly so that when the masses inside and outside the party see the concrete results, they will become more confident in rectification. Leading cadres at all levels should take a lead in studying the documents and closely relate rectification to the open door policy and economic construction. Since party rectification facilitates reform, we can assess rectification by the achievements of economic construction. Units scheduled for rectification in later phases should now set the stage for rectification by first reforming and making preparations in a spirit of rectification.

## 2. Further Strengthen Leading Cadres at Various Levels In Accordance with the Requirement of "Four Transformations"

A contingent of leading cadres who are revolutionary, young, educated and professionally competent constitutes an organizational guarantee for successful modernization. Reforms in the machinery of government have done much to improve the quality of our municipality's leading cadres in terms of the requirement of the "four transformations." On the whole, however, they still have some way to go before they are completely transformed. Further rectification is needed in some leading groups who still display irrationality in their age structure and educational level. They should further set free their ideas, overcome all kinds of prejudices, boldly promote the young generation, and appoint to leadership positions young and middle-aged outstanding cadres, particularly well-educated intellectuals (including self-educated cadres) who have both ability and political integrity. In rectifying and assigning leading cadres, we must fully consider the rationality or otherwise of a leading group's entire structure: there should be a good mix of generalists and specialists. We must make revolutionization the primary criterion to ensure that only people with the right political credentials are admitted into the ranks of leading cadres. Not the "three kinds of people," not those who have opposed the line of the Central Committee since the 3d Plenary Session of the 11th party Central Committee, and certainly not those who have committed all kinds of serious offenses. Should such elements be found among existing leading cadres, they must be ferreted out firmly. Also to be excluded are "people who try never to offend anybody," whose ideology is essentially unsound, and who are inert and lack a sense of responsibility and dedication.

We must strengthen the construction of the third echelon. As it is basic to the realization of the "four transformations" of our leading cadres, this job must be done properly. The third echelon must include a fairly large number of people recruited from many sources. We must test them rigorously to pick only the best from a pool of good candidates. Both long- and short-term needs should be considered. We should give a slight edge to younger people, selecting them from among cadres in their 30's as well as those in their 40's. The selection procedures include recommendations by the masses, organized examination and collection deliberations by party committees. There should be strengthened management and training for reserve cadres, which are essential to their healthy and rapid development.

Elderly cadres, of whom Qingdao has a large number, play an important role in accomplishing the "four transformations." With their high degree of consciousness and rich experience, they are an asset to both party and state. Party committees at all levels should show concern for and respect them and make full use of them in the transitional process of generational succession. Elderly comrades who remain at the front line should warmly support and help new cadres in their work while cadres newly appointed to leadership positions must learn from their elderly associates in a spirit of humility but discharge their duties boldly. Working together as one, new and old cadres must support and learn from each other and do a good job in a spirit of unity. Old cadres who have been retired should be taken care of properly in accordance with regulations. Taking into account individual circumstances and personal wishes, we can also engage them in a variety of work which they are capable of doing.

An important link in realizing the "four transformations" is the cadre management system reform. Now that the power to manage cadres has been delegated, party committees and organization departments at all levels should strive for a system of management which is "unobtrusive, sound and flexible" and strengthen the observation, testing and management of cadres, in order to get to "know their subordinates well enough to assign them jobs commensurate with their abilities." Outdated cadre systems should be overhauled to facilitate the "four transformations," the development and rational utilization of expertise and the mobilization of cadres' enthusiasm and creativeness. In this way, we can gradually build up a sound cadre system with provisions for their election, recruitment by examination, appointment, assessment, removal and rotation.

We should emphasize cadres' standardized training and improve their political and professional caliber as soon as possible. To achieve this, we must draw up a cadre training and development plan and see that party schools and cadre schools at all levels are run properly, and make use of a broad range of mechanisms, such as TV university, correspondence university and vocational university, for cadre training purposes. Not to be ignored is their on-the-job training. Leading cadres, in particular, should make an earnest attempt to equip themselves with modern scientific knowledge as well as political theories and never stop improving their standard.

### 3. Improve Democratic Centralism, Strengthen the Party's Unity

Party committees at all levels should strictly implement the party's democratic centralism principle and uphold the integration of collective leadership with individual responsibility. Key issues should be thrashed out in group discussions, after which individuals will be held responsible for carrying out the decisions. We must perfect the democratic system inside the party. Within a party committee, there should be regular democratic meetings where ideas can be exchanged, information traded, different opinions aired, and problems solved through the exchange of views, criticism and self-criticism. We should further promote intra-party democracy, respect and safeguard party members' democratic rights. At the same time, we should see to it that individual members obey the party organizations, that the minority submit to the majority, that lower organizations yield to higher organizations, and that individual organizations and the entire membership subordinate themselves to the National Party Congress and the Central Committee. Such subordination is essential to

maintaining a high degree of consistency, both in ideology and in action, throughout the party. Party members must firmly execute any resolutions arrived at by party organizations. If they have a different opinion, they can voice it through regular channels and procedures, and have the right to reserve judgement. But on no account can they feign compliance and then engage in extra-party activities.

Tightening up party discipline is an important guarantee for the realization of democratic centralism. Disciplinary education should be disseminated extensively throughout the party to heighten the rank and file's party spirit and their sense of discipline. We should strengthen the party's discipline inspection work and make full use of its discipline inspection commissions in correcting the party climate and making party discipline more rigorous. All discipline inspection commissions should examine the new situation, try to adapt to it and support the economic structural reform to ensure its success. Units characterized by a healthy party climate and successful reforms should be supported and commended by cadres and members. Any activities which go against the reform decisions of the Central Committee must be strenly corrected. Discipline violations should be investigated and punished fearlessly. In some party organizations, discipline is lax, unity is weak, right and wrong are blurred, rewards and punishments are not made clear, there is a lack of support for what is right, while evil trends are allowed to prevail unchecked. We must overcome this state of affairs. Every party organization and member should wage an uncompromising struggle to preserve the integrity of party discipline.

Party unity is the basic guarantee for our party's ability to achieve its causes. Owing to longstanding "Leftist" influences, many comrades in Qingdao became casualties in successive political campaigns. The "cultural revolution," in particular, had a disastrous effect on party unity. Since the 3d Plenary Session of the 11th party Central Committee, especially following the promulgation of the "summary of minutes" by the standing committee of the provincial committee, the party in the municipality has become much more united. But some unfavorable factors have not been completely neutralized. We must make even greater efforts to implement the "summary," uproot "Leftist" influences, liquidate factionalism, clear up historical problems, implement all the party's policies and work towards unity realistically. The key to unity is a united leadership. All leading cadres must set an example for the nation by considering the general interest, taking the overall perspective and emphasizing unity. All party members should cherish and protect party unity, make a conscientious effort to toe the party line both ideologically and practically, adopt the spirit of the 4th Municipal CPC Congress, look towards the future, and dedicate ourselves wholeheartedly to the four modernizations.

#### 5. Strengthen the Party's United Front and Mass Work, Make Full Use of United Front and Mass Organizations

In this new historic era, the united front remains one of the our party's trump cards. We must execute the party's principles of "long-term coexistence, mutual supervision", "utter devotion and sharing of weals and woes," strengthen cooperation with various democratic parties, the association of industry and commerce, and patriots with no party affiliation, make full use of the



Chinese People's Political Consultative Conference at all levels as vehicles for political consultation and democratic supervision, further improve our work on nationalities, religion, overseas Chinese and Taiwan, carry out various united front policies, unite all people who can be united, consolidate and develop the patriotic united front so that it can contribute to expediting the four modernizations and the great cause of reunifying the motherland.

We must strengthen the party's work among the masses and establish closer links between the party and the people. All party committees should improve their leadership over such mass organizations as trade unions, the Communist Youth League and the Women's Federation, show concern for and support their work and give full play to their functions. Trade unions should do a good job in strengthening the workers' ideological education, improving enterprise management and protecting the workers' rights and interests, and consciously put themselves at the workers' service so that they can really become a "family for workers." As the party's aide and reserve army, the Communist Youth League should launch a full range of activities which revolve around the party's basic tasks and are suited to young people, and make full use of young people as a shock brigade in the "four modernizations." The Women's Federation should firmly advocate the legal rights and interests of women and children, nurture and educate children so that they can grow up healthily, and mobilize the masses of women to take an active part in the construction of the two civilizations. Such mass organizations as science associations, writers group, and overseas Chinese associations should develop their work around the party's basic missions and goals and do their best in their own way.

12581

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EAST REGION

QINGDAO PLA STRESSES PARTY IN COMMAND OF ARMY

Qingdao QINGDAO RIBAO in Chinese 25 Dec 84 p 1

/Article by Xiao Jun /5135 6511/ and Chu Youhao /2806 0645 1170/: "Carry Forward the Tradition of the Party Being in Command of the Army To Do Good Job in Militia and Reserve Service Work"/

/Text/ On 23 December, the Qingdao Military Subdistrict convened a meeting of the first political commissars of the county and district people's armed forces departments to stress the necessity of implementing the spirit of the conference of first political commissars of the people's armed forces departments of the military subdistricts and municipalities directly under the provincial government that was convened by the provincial military district. At the meeting, it was demanded that the glorious tradition of the party being in command of the army must be carried forward in order to do a good job in the militia and reserve service work of our city.

Leading comrades including Liu Peng /0491 7720/, member of the standing committee of the provincial CPC committee, lieutenant governor, secretary of the municipal CPC committee and first political commissar of the Qingdao Military Subdistrict; Liu Zhen /0491 6966/, deputy secretary of the municipal CPC committee; Xiu Rendao /0208 0088 6670/, member of the standing committee of the municipal CPC committee and commander of the Qingdao Military Subdistrict; Wang Maoxi /3769 5399 0823/, political commissar of the Qingdao Military Subdistrict; and Zou Deqin /6760 1795 2953/ and Jin Danglao /7246 3981 3666/, deputy commissars of the Qingdao Military Subdistrict, were present at the meeting.

Comrade Liu Peng spoke at the meeting. After summing up the work done by the city in the past with regard to the practice of the party being in command of the army, he put forward four demands for making further efforts to do a good job in militia and reserve services work: 1. It is necessary to center on the party's general tasks and goals to give more effective leadership to militia and reserve service work. We must proceed from the overall situation of the four modernizations drive, have a correct understanding of the relationship between economic construction and the building of the reserve forces and put both immediate and long-term interests in the right positions in order to implement effectively the work of putting the party in a position to command the army. 2. We must pay close attention to the establishment of training centers to meet with the needs of conducting centralized training for militia

and reserve service. 3. We must, on the basis of the new military service law, accomplish successfully the task of keeping the establishment of the reserve force at full strength, which is a task entrusted to our district by the higher-level authorities. 4. We must provide full-time armed cadres in accordance with the demands set forth by the higher level as soon as possible in order to exercise strong leadership in militia and reserve force work.

At the meeting, Comrade Wang Maoxi stressed the necessity of implementing the spirit of the conference of first political commissars of the people's armed forces departments of the military subdistricts and municipalities directly under the provincial government that was convened by the provincial military district. Comrade Xiu Rendao made a report on the work concerning the reform of militia education and training carried out in our city.

9560

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EAST REGION

DONATION OF PLA NAVY SHIPS REPORTED

Shanghai JIEFANG RIBAO in Chinese 27 Jan 85 p 1

[Article by Liu Gangqi [0491 0474 1142] and Xu Qizhong [1776 3825 1813]:  
"Navy Donates Ships in Ceremony at Shanghai"]

[Text] Yesterday afternoon, amid strains of music, bright five-starred flags were hoisted over the guns of three ships of the PLA navy anchored at the Wusong dock in Shanghai. The navy was engaged in a solemn ceremony to donate the three ships to the China Welfare Foundation for the Handicapped.

Shanghai CPC committee secretary and Vice Mayor Ruan Chongwu [7086 1504 2976] attended the donation ceremony. The donation ceremony was presided over by the East China Sea Fleet Deputy Chief of Staff Yang Jian [2799 0256]. Navy Deputy Political Commissar Wu Gang [0702 4993], representing the navy party committee and all officers and men of the navy, said in his speech that the welfare of handicapped Chinese citizens has the support and aid of society, which demonstrates the superiority of the socialist system. Our decision to give the China Welfare Foundation for the Handicapped a water supply ship, a tugboat and a crane ship is intended to convey the regard of the PLA navy to our handicapped compatriots. Amid enthusiastic applause, the deputy director of the China Welfare Foundation for the Handicapped, Deng Pufang [6772 2613 2455], gave a stirring speech. He expressed the heartfelt thanks of the Federation to all the officers and men of the navy. He said that the welfare of the handicapped is a sacred cause, a humane cause, and the PLA navy has taken the lead in supporting society's welfare with this magnanimous act. Your selfless help focuses and reflects the PLA's purpose of wholeheartedly serving the people and fully demonstrates the great successes gained by the PLA navy in their activities for the development of the spiritual civilization drive. Your support is not only material, but moral as well.

Navy Equipment Planning Department Chief Zhang Jiarui [1728 1367 3843] and China Welfare Foundation for the Handicapped Secretary Wang Luguang [3769 7627 0342] signed the certificates aboard the donated ships as representatives of the two parties respectively. The China Welfare Foundation for the Handicapped presented a silk banner to the navy, on which was written, "By establishing a model for society, you make the people's welfare."

Civil administration department chief and director of the China Welfare Foundation for the Handicapped Cui Naifu [1508 0035 1133], Deputy Political Commissar of the East China Sea Fleet Wang Junjie [3769 0193 2638], Commander of the naval unit stationed in Shanghai Shi Yong [4258 8673] and its Political Commissar Wang Yong [8076 8673], as well as more than 150 relevant responsible persons and people from all sections of society attended the donation ceremony.

The evening before last, leading comrades of the Shanghai CPC committee and the municipal government Chen Guodong [7115 0948 2767], Hu Lijiao [5170 4539 2403], Yang Di [2799 1029], Ruan Chongwu, Wu Bangguo [0702 6721 0948], Huang Ju [7806 5468] and Ye Gongqi [0693 0361 3823] met and entertained Deng Pufang, Wang Luguang and their party. Chen Guodong said that the Shanghai CPC committee and municipal government will enthusiastically assist and support the China Welfare Foundation for the Handicapped, so as to improve and set up public facilities for the handicapped.

On the 24th, Liu Jingji [0491 7231 1015], Shanghai Municipal Industry and Commerce Federation Chairman and Chairman of the Board of the Municipal Industry and Commerce Circles Patriotism Drive Corporation, said to Deng Pufang, we will make our respective contributions to the China Welfare Foundation for the Handicapped.

12534

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EAST REGION

NAVAL LANDING FORCE PROVIDES TRANSPORT SERVICE FOR SHANGHAI

Shanghai JIEFANG RIBAO in Chinese 28 Dec 84 p 1

[Article by Zhou Chunhua [0719 2504 5478]: "The Naval Landing Force Stationed in Shanghai Carried Nearly 10,000 Tons of Goods and Materials for Shanghai This Year"]

[Text] The party committee of the naval landing force stationed in Shanghai, to earnestly carry out the spirit of the directive of the Military Commission of the Central Committee to the armed forces that they should vigorously assist local economic drives, has given full play to their ships' superiority and tapped their potential and have undertaken the task of transport for the Shanghai economic drive. By 21 December, this unit had dispatched 13 ships and transported nearly 10,000 tons of all kinds of goods and materials, logging more than 12,000 nautical miles this year and earning the high opinion of the local government and relevant units.

The party committee of this unit put the task of assisting the local economic drive on the committee's agenda and established a special leading group to initiate local contact. One time, when this unit had two landing ships travelling empty down the Changjiang to be loaded at Huangsha, they initiated contact with the Shanghai Municipal Commerce Bureau and promptly transported for the bureau an allotment of nearly 3,000 tons of various articles for daily use to the Commerce Bureau of Huangshi City, Hubei Province. Not long ago, the unit learned that the Shanghai Municipal Lumber Corporation had a batch of urgently needed lumber lying idle at Yingkou in the northwest, so the unit not only promptly assigned a ship that was in the north to carry out the loading, but also released a ship to go north, to transport the batch of lumber back. Recently, the Shanghai Dongfeng Machinery Factory had a batch of state key drive materials that had to be delivered quickly, so they asked the unit for help, and without demur, the unit thought of a way to transport it to its destination on schedule.

12534

CSO: 4005/501



EAST REGION

JOINT ARMY-POLICE-PEOPLE DEFENSE IN SHANGHAI DISCUSSED

Shanghai JIEFANG RIBAO in Chinese 27 Jan 85 p 1

[Article by Zhuo Yun [0587 6598]: "Leading Group Established for Joint Defense of Shanghai By the Army, Police and People; Ruan Chongwu Urges Strengthening of Coastal Areas Defense"]

[Text] Successful engagement in joint defense by the army, police and people is an important measure to strengthen defense and safeguard the four modernizations, under the new conditions. The army, police and people in the Shanghai coastal areas should strengthen their contacts, cooperate closely, help supply each other in military situations and vigorously create a new situation in coastal defense. This was emphatically pointed out by municipal party committee secretary and Vice Mayor Ruan Chongwu [7086 1504 2976] at the conference to establish the leading group for joint defense of Shanghai by the Army, police and people, on the 25th.

Ruan Chongwu also holds the position of group leader of the leading group for joint defense of Shanghai by the army, police and people and he presided at the conference. The comrades who participated in the conference earnestly studied the spirit of the relevant State Council documents, heard a report on the situation in work on joint defense by the Shanghai Garrison Chief of Staff Ren Yonggui [0117 3057 6311], investigated concrete suggestions on joint defense and cooperation in Shanghai coastal areas defense by the army, police and people and set up the municipal joint defense by the army, police and people leading group office.

Shanghai Garrison Commander Guo Tao [6753 3447], the commander of the naval unit stationed in Shanghai, Shi Yong [4258 8673], and municipal Public Security Bureau Director Zhang Hanzhi [1728 3352 3320], who is the deputy group leader of the leading group for joint defense by the army, police and people, attended the conference and gave speeches.

12534

CSO: 4005/501

SOUTHWEST REGION

ELIMINATION OF FACTIONALISM URGED

Kunming YUNNAN RIBAO in Chinese 29 Nov 84 pp 1, 4

[Article by Li Qiming [2621 0796 2494]: "We Must Have the Courage To Solve the Problem of Factionalism Among Our Leading Groups"]

[Text] Units scheduled to carry out party rectification during the first period have already entered the stage of rectification and reform. According to requirements posed in Circular No 9 of the Central Commission on Guiding Party Rectification in this stage we must seriously solve the major problems prevailing among our leading groups. Viewed from Yunnan's actual situation, a major problem that exists in certain leading groups (including leading groups at the department and bureau levels, or even at the provincial level) is the problem of factionalism. Whether or not we dare to point out this and solve it squarely relates to whether or not our whole party can continue to go deeper in carrying out our rectification, whether or not we are going to be merely perfunctory in our operations, and this also relates to whether or not we can smoothly develop forward the construction of our four modernizations and bring about a new situation in our work in Yunnan Province.

Factionalism was a product of the "cultural revolution." During the "cultural revolution," the two counter-revolutionary cliques led by Lin Biao and Jiang Qing, because of their criminal goal of seizing power in the midst of chaos, fanned the zeal of factionalism, split the party, split our ranks, and split the masses. Many comrades above and below, within the party as well as without, in Yunnan, under the given historical conditions at the time, in a complex and complicated environment, and on account of various reasons, became involved in factionalist activities to various degrees or took on certain factionalist tendencies. During these 10 years of the "cultural revolution," two factions engaged themselves in civilian as well as military struggles in their endless battles. Since the 3d Plenary Session of the 11th Party Central Committee, our party character has been strengthened, and the market for factionalism has been greatly reduced; yet, factionalism has by no means been rooted up. Despite the fact that the vast ranks of our cadres and the masses have already developed an utter antipathy toward factionalism, a small number of comrades still have not cast off the influence of factionalism and consciously or unconsciously continue to look at people and treat matters from the factionalist point of view; some are even still enthusiastic about resorting to factionalism or, worse, bogged down in it and unable to retrieve

themselves. On account of such a situation, we see that in certain departments and localities, there have been formed all kinds of networks of connections and certain clumps and compartments, and there have emerged certain abnormal phenomena. Combining with power, factionalism has led to certain serious consequences, endangered the unity of our party, and caused the party's line, principles and policies to fail to become earnestly implemented.

Rather salient and serious manifestations of factionalism include generally the following:

With respect to decisions made by the party Central Committee or matters to which the party Central Committee has already agreed through advance appeal, so long as something fails to placate one's factionalist taste, one immediately chooses to feign compliance but actually proceed to violate them or resist them and refuse to implement them, or even proceed to do something else.

One may choose to be close to one part of the people while stay aloof from another part of people, but in reality one may be "drawing boundaries by groups of people" or "drawing boundaries by factionalist identities"; till the very present one may still be trying to argue that one's own faction had been "consistently correct."

Taking advantage of one's own office and power and working conditions, one may arrange assignments for "cronies" who belong to the same faction and share the same views, or arrange personnel beyond one's own proper level, organize leading groups beyond one's own proper level with a view to controlling a certain department from the factionalist angle in order to ensure "thorough compliance."

When transferring funds, promoting cadres, and developing party members and implementing our intellectuals policy, one chooses to operate not according to established policy but, instead, find matters easy to solve if those involved happen to belong to the same faction whereas find fault if otherwise.

Regarding those who harbor opinions and views different from one's own, one may adopt the approaches of attacking them and squeezing them out, or of seizing a little mistake of someone and thereby "hanging him up with it."

One may, in violation of the principles of the organization, take advantage of factionalist connections to spread rumors everywhere about someone, and even leak out matters about him that should not be made public, etc.

Should we negate both factions? Some comrades would insist that "there is the question of whose faults were greater between the two," or that "one can hardly maintain the balance of a bowl of water in one hand." Some, instead of taking the negation of both factions as something required by our party character, take it as "a factionalism that only seems to be fair"; they thus confuse people's understanding and resort to sophistry.

Should we build our "third echelon"? Some comrades would seek them only among those holding views of their own faction. In order to achieve this goal, they would do all they can to cover up the problems with certain people during the "cultural revolution," or seek to reduce their problems from big ones to small ones, and from small ones to nothing.

Should we sort out the "three kinds of people"? Some comrades would stubbornly insist on doing so only from the ranks of their opponents. As a result, some of these "three kinds of people" make use of such factionalism whereas such factionalism at the same time serves to cover up the "three kinds of people." Some comrades even list the "three kinds of people" as members of the "third echelon" from whose midst selections are made for training purposes.

In one leading group, if there should be one or more persons resorting to factionalism, those whose factionalism happens to be serious in that district or unit are bound to take them as their protector or their backer, gathering around them, consciously or unconsciously and openly or clandestinely form a clump, form a special force in opposition to our party character principle and organizational discipline. Therefore, when power and factionalism and networks of connections and the unhealthy practice of plotting for private gains by taking advantage of one's power are combined together, they play great havoc on the cause of our party.

Factionalism and proletarian party character are incompatible with each other. Our Party Constitution clearly prescribes that party members must fulfill the obligation of "resolutely opposing factionalism"; "Guideing Principles for Inner Party Political Life" also has one article which stresses "adhering to party character, uprooting factionalism." Comrade Deng Xiaoping has also pointed out long ago: "Regarding factionalism, leaders must deonstrate a clear attitude, and that is to oppose it resolutely." ("Selected Works of Deng Xiaoping," p 9). These things which the whole party should achieve should certainly be achieved by our leading cadres as a matter of personal initiative and example.

Since the beginning of party rectification, Yunnan has consistently paid attention to the elimination of factionalism; today we have developed to a point where we must further solve the problem of factionalism among our leading groups. This is a deepening development which tallies with reality and with logic in Yunnan's party rectification, and it also constitutes a decisive, strategic step. As for how to solve this problem, we have the following reflections:

1. Between solving the problem of factionalism and solving the problem of the "three kinds of people," there is a difference in principle. Generally speaking, the contradiction between factionalism and party character constitutes an intra-party contradiction. Our principle is still to proceed from a will for unity, through criticism and self-criticism, in order to reach a new unity on a new basis, with an effort both to straighten our thinking and unite our comrades.



During the 10-year internal disturbance, Yunnan was a heavily troubled area where reverses were considerable and conditions quite complex and complicated. In the case of the two major factions of the rebel group, when "the line was drawn and followers were to be counted," one faction was drawn as "those who lined up on the right side," while others were drawn as "those who lined up on the wrong side." Later, some also thought that all "those who lined up on the right side" must have been wrong, whereas all "those who lined up on the wrong side" must have been right. Because of all kinds of reasons, especially because of our failure for a long time to realize that both rebel factions were wrong," there prevails still the concept that "one faction was wrong, and one was right." Except in the case of individual persons with ulterior motives and those whose hearts were muddled by the desire for power, the overwhelming majority of comrades who became factionalist had a problem with their understanding. They took what was wrong as what was right and adhered to factionalism as if it were our party character; even when they were obviously wrong, they still presumed themselves to be right, as their blindness was so utterly great. Hence, in order to solve the problem of factionalism, our emphasis should be laid on education; we must especially help them to thoroughly negate the "cultural revolution" and negate both factions, from theory to practice and from thinking to action; this is the premise for eliminating factionalism and strengthening our party character.

2. With respect to factionalism among our leading groups, we must make serious determination, dare to point out and break the news, dare to touch and challenge the solid, mince no words and fear no shocks. After the problem is laid open, all sorts of expressions are liable to break out, like whether or not we might be "arousing factionalism anew," or "opposing factionalism with factionalism," or whether we might be "attempting to persecute someone," or whether we might be "attempting to turn the table," etc. With respect to these expressions, we must criticize and clarify them one by one from the standpoint of our party character and with the Marxist point of view in a clear-cut, solemn and conscientious, calm and affable, and rational and well grounded manner, without shrinking back as soon as we hear such critical expressions. Of course, we must also prevent the mistaken approaches of the "Left."

Regarding this factionalist activity among members of our leading groups, we can hardly solve it by merely relying on the leading groups themselves doing it within their closed doors. We must convene enlarged meetings within given realms, rely on the help of comrades attending them and on collective efforts to dissect some typical examples, display facts, outline reasons, raise our consciousness, and at the same time thoroughly analyze the harmfulness of a combination of factionalism with power. This way, we would be both educating comrades who have made mistakes and administer also a vivid, profound ideological education by thoroughly negating the "cultural revolution" and both factions as well as eliminating factionalism while strengthening our party character.

3. Launching conscientious criticism and self-criticism, with self-criticism as the principal undertaking: this is the main approach to helping comrades who have committed factionalist mistakes to understand and correct their mistakes. We must pay attention to adopting a friendly attitude, organize



them, on the basis of conscientiously studying the relevant documents, to place themselves in the context and thereby carry out their self-criticism, break with factionalism, and at the same time absorb lessons from it. Meanwhile, we must also require them to reveal the situations that they know, so as, through criticism and self-criticism, to sum up experiences, eliminate barriers, and enhance unity together.

4. With respect to the handling of people, we must adopt a cautious attitude. The problem of factionalism is mainly a problem of education; usually it does not require organizational measures. But, requirements for members of a leading group would be higher and more restrict. With respect to comrades who have made ordinary factionalist mistakes, self-inspection, understanding and correction would be enough; we need not cling to them. In the case of those who have really made serious mistakes and yet refuse to examine themselves, we must relevantly transfer them to other jobs in order, first of all, not to allow them to take charge and responsibility over crucial departments. On the basis of seeking truth from facts in investigating and verifying their stories, we must, in the case of those who insist on their factionalism and refuse to change, solemnly punish them with no lenience whatsoever.

It simply would not do if we fail to solve the problem of factionalism among our leading groups. Only thus can we thoroughly negate the "cultural revolution" and negate both factions, thrash out all the "three kinds of people" and not thrashing out the "third echelon" as if it were the "three kinds of people," select and choose correctly our successors and avoid training the "three kinds of people" as if they were the "third echelon"; only thus will the vast ranks of our cadres and masses have a common will and calm composure to develop their maximum enthusiasm, initiative and creative spirit, and strive with one heart and one mind in their uniform effort to do a good job in our economic reform and construction of our four modernizations. So long as we strike out with daring, carry out correct policies, adopt correct methods, and stick through to the very end in our undertakings, the problem of factionalism among our leading groups is bound to solved; in this, we have the fullest possible confidence.

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SOUTHWEST REGION

EXAMINATION OF 'THIRD ECHELON' CANDIDATES COMPLETED

Chengdu SICHUAN RIBAO in Chinese 4 Dec 84 p 1

[Report by Shen Qingban [3088 7230 6586]: "Adhering to Conditions for Making Our Cadres More Revolutionary, Younger, More Knowledgeable and More Professional and Speeding up Building of Our Third Echelon: Our Province Completes Its Task in Examining Candidates for Our Third Echelon at the County Level"]

[Text] The complete task of our province in examining the candidates for the third echelon at the county level has now been entirely concluded. In the province's 18 regions, municipalities and prefectures, we have already determined more than 1600 reserve candidate cadres among over 2400 examinees; among them there is one batch of fine cadres whose conditions are fairly ripe who should, after a short period of training, be able to enter leading groups at the county level shortly.

Our province's task in examining the third echelon at the county level was undertaken on the basis of accomplishing the examination of the third echelon at all the region, municipality and prefecture levels. The various regions, municipalities and prefectures, on the basis of the provincial party committee's uniform direction, have taken the building of third echelon well at the county level as an important task of building all the third echelon; they have selected over 1,100 comrades whose ideological and political line is found to be forthright and who represent policy competency, adhere to principles and are familiar with our cadres policy and organized them into more than 140 teams to go respectively to the province's various counties, municipalities and districts to carry out, among the candidates put forward by the units there, various manners of investigation and probing. In the process of such examination, they follow the conditions for making the cadres more revolutionary, younger, more knowledgeable and more professional in order to stick well to the criteria as to their politics, the ability, and their age so as to do their best to select accurately and select well. The examination this time relies on the masses to recommend those who are virtuous and talented; on the average, every candidate for such examination has been subjected to the scrutiny of more than 10 investigators; in more extreme cases, one has been subjected to more than 40 persons/times of investigation. In examining a candidate for its district party committee secretary, Tongjiang County heard many "negative" opinions. The examination team went through

profound investigation and probing and discovered that the comrade in question had some specialty in his study and has been quite experienced in guiding agricultural production; in his work he has been courageous in carrying out reform and shouldering his responsibilities. For this reason he encroached upon some people's interests and hence incurred the opposition of certain people. The examination team thus not only considers this comrade as a competent candidate for a cadre in reserve at the county level but also deem him suitable for immediate entry into the leading group. Because such criteria for making the cadres more revolutionary, younger, more knowledgeable and more professional have been adhered to, the quality of the 1,600-plus candidates for selection today is fairly good. They are fairly young, at the average age of 33.2; among them those under the age of 35 make up 60 percent. Their cultural level is rather high, with talents of all sorts among them; of them those with a culture at the college and university level and above make up 75.3 percent; those at the senior middle school and secondary college level make up 23.5 percent; and those with various technical and professional titles make up 19.5 percent. Female comrades and comrades of minority nationalities also makes up due percentages.

9255

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SOUTHWEST REGION

SECOND PHASE OF PARTY CONSOLIDATION DISCUSSED

Chengdu SICHUAN RIBAO in Chinese 8 Dec 84 p 1

[Article by reporter Zhang Liquan [1728 0448 3123]: "Provincial Party Committee Instructs Its Subsidiary Agencies To Conduct Organizational Reform and Registration of Party Members Earnestly"]

[Text] Yesterday [7 December] afternoon, the provincial party committee's subcommittee on party consolidation held a meeting which was attended by leading cadres from various ministries, party committees, departments and bureaus. The meeting focused on the next phase of party consolidation within provincial agencies and urged leading party groups (party committees) to strengthen the guidance they offer to party committees, general party branches and local branches in order to prepare for the upcoming organizational reform and registration of party members.

The meeting was attended by leading comrades of the provincial party Committee's subcommittee on party consolidation. Comrade Nie Ronggui spoke at the meeting.

On the floor, leading cadres from the provincial party committee's organizational department, the provincial department of agriculture and animal husbandry and the provincial bureau of topography introduced the accomplishments each agency has achieved in party consolidation and the methods that are to be employed in the organizational reform and registration of party members.

The first phase of party consolidation within provincial agencies, which started around the end of last year and early this year, covered three periods--the study of documents, comparison and examination and intensive reform. Generally speaking, party consolidation has been conducted in a wholesome and appropriate manner and considerable results have been achieved. Six provincial agencies have already begun the organizational reform and registration of party members. The vast majority of agencies will enter this phase by the end of this year.

The meeting offered concrete directives on how the next phase of party consolidation should be carried out. Generally speaking, thoroughness is the key; we must not simply go through the motions or be dilatory about

it. Those agencies that are ready to enter the next phase may do so at the same time. We must follow the directives handed down by the party Central Committee and the provincial party committee, that is to say, we must fully acknowledge the significance of the organizational reform and registration of party members, set high standards for this phase, organize party members to study relevant documents, have party members undergo an intensive reeducation process, adhere to the standards set for party members, conduct in an earnest way the organizational reform and registration of party members, be practical and realistic and implement the policy on the organizational reform and registration of party members. We may have to simplify the process of registering party members. We should strengthen ideological and political work and solve problems with ideological awareness. We should make sure that our work is not obstructed by factionalism and adhere to the principles of the party in order to assure success. In addition to stressing internal party consolidation, various organizations should strengthen the leadership they offer to subsidiary agencies.

The meeting also instructed provincial agencies to create certain necessary conditions for party consolidation in various locales, cities and prefectures. Currently, various localities, cities and prefectures are engaged in party consolidation; provincial agencies should see to it that during the comparison and examination stage all meetings are absolutely necessary and attended by appropriate comrades. There should be organized no out-of-town trips by leading local, municipal and prefectural comrades. Leading cadres from provincial agencies should not be accompanied by subordinates while on inspection tours. These measures should enable local, municipal and prefectural comrades to make better use of their time and energy and complete party consolidation according to schedule.

12680

CSO: 4005/443



NORTH REGION

BRIEFS

FALLEN MONGOLIAN SOLDIERS HONORED--Shijiazhuang, 18 Mar (XINHUA)--Mongolian soldiers who had given their lives in the anti-fascist war were honored by Chinese county leaders today. On the occasion of the 64th anniversary of the founding of the Mongolian People's Army, leading members of the people's government of Zhangbei County in north China's Hebei Province laid a wreath this morning at the monument to the fallen soldiers of the Soviet-Mongolian allied forces during the anti-fascist war. The ribbon of the wreath bore the inscription: "Eternal glory to the soldiers of the Mongolian People's Army who gave their lives in the anti-fascist war." [Text] [Beijing XINHUA in English 1450 GMT 18 Mar OW]

CSO: 4000/149

## NORTHWEST REGION

### CADRES TO BE ELECTED THROUGH DEMOCRATIC PROCESS

Xian SHAANXI RIBAO in Chinese 28 Dec 84 p 1

[Article by correspondent Yan Zongzhi [7346 1350 2535]: "Cadres Are To Be Elected in Accordance with the Requirements Set for the New Era"]

[Text] The provincial party committee has recently arrived at the resolution that it will follow the mass line and elect through the democratic process the directors and assistant directors of various provincial departments.

On 27 December, the provincial party committee held a mobilization meeting, which was participated in by more than 300 leading party group members. The meeting was presided over by the assistant secretary of the provincial party committee and governor, Comrade Li Qingchuan. Comrade Li read out the "Bulletin on Conducting Democratic Elections and Public Opinion Polls Within the Provincial Departments" issued by the provincial party committee and the provincial government. A mobilization speech was also made by the secretary of the provincial party committee, Bai Jinian.

The "Bulletin" declares that the provincial party committee and the provincial government have decided to follow the mass line and elect through the democratic process the directors and assistant directors of various departments in order to discover new talent and accelerate the realization of the "four requirements" within the leading circles of the provincial departments. Public opinion polls may be conducted by those departments whose conditions for elections have not matured. Each department may decide on the extent of its elections and polls in accordance to individual circumstances; elections and polls may be conducted departmentally or with the participation of the party and political leaders of subsidiary agencies.

The "Bulletin" instructs that democratic elections must adhere to the standards of the "four requirements" so that exemplary cadres who are strong in party character, professionally capable, managerially competent, courageous and learned and bold in taking the initiative and create new phases may become leaders.

The "Bulletin" offers a concrete guideline concerning the details of democratic elections.

Provincial party committee secretary Bai Jinian proposed four election requirements. First, cadres should be elected according to the hiring standards set for the new era; in other words, we must eradicate "leftist" influences and reactionary ideas, adhere to the "four requirements" for cadres and be aggressive in hiring a group of new cadres who have insight and foresight, integrity and courage. We should do our best to exclude from leading circles those who are hypocritical calculating and dishonest. Second, we must be fair and do away with factionalism, sectarianism, regionalism, personal feuds and the "art of using connections." Violations of election rules should be looked into and violators should be strictly disciplined as soon as possible. Third, we must do away with the disunity and factionalism that exist within leading circles. Disunity and factionalism that have existed for a long period of time must be redressed through democratic elections. The provincial party committee will not acknowledge those who get elected by canvassing votes through factionalism no matter how many votes they may receive. Fourth, we must improve the style and method of work within the personnel departments in order to achieve a new breakthrough in the reform of the cadre system.

12680

CSO: 4005/443

NORTHWEST REGION

SHAANXI'S SUCCESS IN RAISING EDUCATIONAL FUNDS DISCUSSED

Beijing ZHONGGUO JIAOYU BAO in Chinese 29 Dec 84 p 2

[Article by correspondent Li Yuan [2621 1959]: "More Than 1 Million Yuan Have Been Raised in 35 Counties; in 39 Counties There Are 'No Unsafe School Buildings and Each Class Is Able To Have Its Own Classroom and Each Student His Own Desk and Chair'"]

[Text] Since the end of October, Shaanxi Province has invested more than 164 million yuan in the construction of elementary and high schools buildings; 79.4 percent of the money (2.5 times the total amount of money appropriated for general-course education by the state and the province) was collected from the public.

Since spring of this year, various localities in Shaanxi have been actively raising funds in order to improve the conditions for running schools and to popularize primary education. Vice chair of the CPPCC and former provincial first secretary, Ma Wenrui, Gov Li Qingchuan and secretary of the provincial party committee Zeng Shenda have at one time or another reiterated the importance of raising funds for education. On a rainy day in early September, a number of leading cadres of the provincial party committee and the provincial government visited Xingping, Fufeng and other counties to examine the status of fundraising and urge the public to work hard and improve the conditions for running schools. This task has also been included in the agenda by party and political leaders in various localities (cities) and counties. This year, Hanzhong regional assistant secretary Zhang Min and assistant administrative officer Cui Xingting have conducted numerous investigations into the basic level, inspected the construction of school buildings and expedited efforts at fundraising. Approximately 21 million yuan have been collected in this region, more than 14 times the amount of money allocated by the province to schools in the region to be used on capital construction.

In achieving this objective, Shaanxi stresses putting resources through all channels. There are a number of methods by which funds for education are raised: 1) from the accumulated funds of communes and production brigades; 2) from the profits of town and township enterprises; 3) by making over publicly owned buildings and properties that had been left unused; 4) from food, money, labor and material donated by the public;

5) from donations from communes, brigades, factories and mining enterprises; and 6) from work-study programs whereby participating teachers and students help with the construction. Efforts to raise funds through a variety of channels have lessened the burden shouldered by the masses and have accelerated the fundraising process. According to statistics, more than 1 million yuan have been raised in 35 counties in the province. In many regions, special funds have been allocated to award those agencies and individuals that have played a significant role in raising funds.

Managerial agencies have been formed in various localities in Shaanxi so that the funds raised will be well managed and well spent. In order to insure that the construction of school buildings is on schedule and carried out well, many counties (regions), townships, villages and schools have signed contracts which specify the locations of schools, the items constructed, the nature of tasks, the expected completion time, the rules involved, the expected quality, the amount of money to be subsidized by the state and to be raised locally and the acceptance standards. During the first 10 months of this year, the provinces has constructed and repaired 149,500 units of school buildings, 1.42 million meters of walls and 17,000 units of restrooms; it has also purchased 315,000 desks and 408,000 chairs. In 39 counties (areas) in the province, there are "no unsafe school buildings, and each class is able to have its own classroom and each student his own desk and chair."

12680

CSO: 4005/443



NORTHWEST REGION

QUESTIONS CONCERNING FAMILY PLANNING ANSWERED

Xian SHAANXI RIBAO in Chinese 11 Jan 85 p 3

[Article by Qin Zixun [4440 0745 6104]: "Current Policy on Family Planning"]

[Text] Recently I have received from many readers letters inquiring about family planning. I have spoken with the comrades of the provincial family planning commission's propaganda and education section concerning the questions raised in these letters, and have been informed that various localities will take advantage of the lunar new year holidays and speed up propaganda work in family planning. They wish to propagate the commission's policy on family planning and answer some of the most frequently asked questions in our column. I will now answer some of the questions posed by our readers.

Question: Are there any new guidelines and demands with respect to family planning?

Answer: The party Central Committee has reiterated that family planning is the basic policy of China and is instrumental to the future of the Chinese nation. In recent years, we have achieved considerable results in this area; we should keep up with the good work. We should continue instituting the policy of 1 child per family to assure that the population in China does not exceed 1.2 billion at the end of this century. We should also further improve our policy on family planning. Despite the fact that the policy remains basically the same, the party Central Committee has set yet higher demands on our work.

Question: What are the rules in effect with respect to family planning?

Answer: "So far as cadres, state employees and urban residents are concerned, except for those who have been granted permission due to special circumstances, each couple is allowed to have only one child." "So far as the rural area is concerned, each couple is allowed only one child; however, those couples who have asked to be allowed to have a second child

due to special circumstances may proceed to do so after their requests have been approved. Under no circumstances is a third child allowed."

Question: Under what circumstances will cadres, state employees and urban residents in our province be allowed to have a second child?

Answer: The provincial family planning guideline and its amendments define the following circumstances as exceptions:

1. If the first child is handicapped as a result of a nonhereditary disease and cannot become a member of the labor force.
2. If either party in a second marriage has never had children and if there is only one child from the previous marriage.
3. If pregnancy occurs after a couple who has remained childless for many years adopt a child.
4. If both the husband and wife are minority nationals.
5. If both the husband and wife are returned overseas Chinese.
6. Handicapped veterans who are unable to work and physically care for themselves.
7. People living in mountain areas where the population is scarce (applied only to mountain areas where the population has increased at an extremely slow pace since Liberation).
8. When there has been only one daughter born to a family whereby the husband married into and lives with the wife's parents.
9. Only one son has been born to each generation of a family for three generations.
10. Only one of the male children of a family can represent the family.

Question: What are the rules with respect to birth control?

Answer: The application of birth control methods assures success in family planning. The birth control methods that we popularize should continue to be contraceptives. More specifically, those women who have practiced birth control for a long period of time and who do not have more children than allowed may be allowed to take the pill or use other devices. Those who have one child and who cannot take the pill should resort to a contraceptive suppository. Either the husband or the wife of a couple who has more than two children should be sterilized. Ideological education and technical services should be stressed, particularly in areas where families tend to have many children. We should implement thoroughly our policy on sterilization in those areas and resort to remedial measures when dealing with pregnancies that do not comply with planning.

12680

CSO: 4005/443

MILITARY AND PUBLIC SECURITY AFFAIRS

BRIEFS

NEW MINELAYER IN USE--A completely hydraulic, automated minelayer with one driver and one operator received everyone's praise during battle exercises held by a certain division. The innovator of the vehicle is volunteer Gu Ruijun of the Jinan Military Region ordnance battalion maintenance department. In 1982, Gu saw that the minelayers in use needed many operators (six), a lot of manual labor was involved and mobility was poor, so he worked together with colleagues in the maintenance department to redesign the vehicle. After a year of hard work and bold reforms, their innovation was successful. This minelayer has a high degree of automation, is light in weight, small in dimensions and works rapidly. Its performance in testing maneuvers was excellent. [The captions of two photographs state: Comparison of new (left) and old (right) minelayers in operation; and completely hydraulic, automated minelayer performing rapid minelaying.] [Text] [Beijing JIEFANGJUN HUABAO in Chinese No 2, Feb 85 p 36]

CSO: 4005/672



TAIWAN

# HENRY LIU'S MURDER, TAPE-RECORDING DISCUSSED

Taipei CHUNG-KUO SHIH-PAO CHOU-K'AN [CHINA TIMES WEEKLY] in Chinese 10-16 Feb 85 pp 8-10

[Article by Yen K'ai-i [7051 0418 3015] (reporting from America): "Ch'en Ch'i-li's Tape-Recording Contains Complete Disclosure of Chiang Nan's Murder"]

[Text] On 4 February, the Bureau of Investigations of Justice Department transferred Bamboo Gang members Ch'en Ch'i-li [7115 0796 4409] and Wu Tun [0702 2415], suspects of Liu I-liang's [0491 1355 5328] murder, to the Taipei prefectural prosecutor's office for handling.

The Taipei prefectural prosecutor's office did not accuse them of the "crime of insurrection." They were charged with "murder, disturbing the peace and illegal possession of firearms."

Due to their military status, Intelligence Bureau chief Wang Hsi-ling [3076 1585 5376] and assistant chief Hu I-min [5170 0308 2404], and assistant chief of the third section Ch'en Hu-men [7115 5706 7024], who were implicated in the murder, were suspended from duty by the Ministry of National Defense and handed over to the military prosecutor for investigation and handling.

After the murder on 15 October last year in America's Daly City, there were various "conjectures" among the Chinese communities in America, and the United States sent a four-man investigation team to Taipei to clarify the facts.

In reply to questions posed by American reporters, Thomas Reese, chief of the criminal section of Daly City's police department, particularly indicated that "the government of the Republic of China was extremely cooperative."

The general belief is that, after the four-man team returned to America, the investigation of the case will come to an end, and taking its place will be a court trial to clear up the whole matter.

Although "warrants of arrest" were issued by an American court against Ch'en and Wu, the Taiwan government declared on the very day of the arrival of the four-man team: "There is no extradition treaty between China and the United States. Therefore, Ch'en and Wu will be tried in the Republic of China." After the "arrest warrants" were issued in America, Taiwan's Justice Department

chief Shih Ch'i-yang [2457 0796 2254] indicated at a press conference held at the Executive Yuan's News Bureau that "there is absolutely no possibility of extradition."

As shown by the various moves made by Taiwan and America after the murder, the two countries both endorse "legal procedure" in determining jurisdiction, abidance by the "agreement" by both sides, and maximum possible benefit in their legal rights.

On the ground of "prosecution," the American police requested "clarification" of the details of the case and "interview" of the suspects. On the basis of "respecting" the rights of the other side, the Taiwan government agreed to the trip of the Americans to Taiwan, but insisted on its independent judicial authority.

According to general belief, the "cautious course" followed by the Taiwan government in transferring jurisdiction from the military to the judicial unit was a continuous assertion of its basic principle of handling the matter in a firm "open and independent" attitude.

Government officials familiar with the inside story pointed out that, if the Taiwan government let its military unit try the two suspects, it would be difficult to keep in step the concerted "open" action of the two sides. Thus, the main significance of transferring the case to the prefectural prosecutor's office was: "The government of the Republic of China has not concealed any facts. On the contrary, China and the United States will jointly investigate and try Ch'en and Wu in court and decide their sentences."

In addition, from the "cautious" moves of Taiwan and America after the four-man team left Taiwan, one can easily see that, before the suspects are "openly tried," both sides will maintain a "reserved and cautious" attitude.

In regard to the questions of how the criminal section of the Daly City police obtained Ch'en Ch'i-li's tape-recording, whether there might be others involved in the case, and what facts were learned by the American team in Taiwan, criminal section chief Keese answered the reporters with "no comment."

A figure familiar with the case pointed out: "The Liu I-liang murder case may become a basis for Taiwan and America in handling similar sensitive issues. It was quite possible for the case to become a political issue. However, the 'satisfactory' outcome has only become possible because the Chinese and American personnel in charge understood each other's standpoints and demands and did their best on a legal basis."

When the murder case was first "made known to the world" and before the interval when it progressed from a possible "turmoil" to a calm trial, the American side published Ch'en Ch'i-li's tape. In it, Ch'en Ch'i-li gave a simple "account" of the course of the murder. It was similar to the result of the U.S. investigation at the beginning, a further proof of the consistent attitude taken by both sides in the course of the investigations.



Taiwan figures feel that words spoken in court will serve as the basis of the truth. Both sides believe that an open trial will be the only means to satisfy the public opinion, and Ch'en Ch'i-li's tape and Reese's statements both indicate this consistent tendency.

At 8:20 am on 15 October last year, two Bamboo Gang killers appeared near a two-story house on a cliff overlooking the Pacific Ocean. It was their third trip to survey the layout, and possibly the last time for similar purposes.

After a series of pauses and transitions, the "action to assassinate Chiang Nan" masterminded by Ch'en Ch'i-li, senior member of the Bamboo Gang, was to be abandoned and left for future handling. However, at 9 am on that day, the conditions for assassination at Daly City's Liu residence were amazingly favorable: There was no patrol car; the neighboring houses were quiet and there was no sign of people about; and more importantly, the garage door of the house was left open for a long time.... Bamboo Gang killers Wu Tun and Tung Kuei-sen [5516 2710 2773] slipped into the garage and hid. At 9:20 am, Wu and Tung fired simultaneously and took Chiang Nan's life with three shots, leaving behind them a puzzling major case.

Today, Ch'en Ch'i-li, the mastermind, and Wu Tun, the killer, are under arrest in Taipei, and Tung Kuei-sen, the other killer, fled to the Philippines, exact whereabouts unknown. At this moment, it seemed that further investigation into the truth of the complicated case was difficult. Unexpectedly, another wave erupted in the Chiang case with its numerous undercurrents.

"A report on the Liu I-liang incident..." thus begins the tape-recording made by Ch'en Ch'i-li before his departure for Taiwan, followed by an approximately 20-minute account of the "Chiang case."

Besides revealing for the first time the main substance of Ch'en Ch'i-li's "vindictive" tape-recording, this confidential material obtained by this publication also describes in detail the particulars of the assassination plan, the course of its execution and the subsequent development, thereby parting the layers of dense fog engulfing the case.

The confidential material indicates that Ch'en Ch'i-li's account in the tape consists mainly of five parts: 1. a brief self-introduction; 2. the causes for the assassination and the relations with the officials of the Intelligence Bureau involved in the case; 3. the planning and preparations; 4. the course of action and the participants; 5. the purpose for making the tape.

In the concluding part, Ch'en Ch'i-li stated that the purpose for making the tape was to avoid misunderstanding in the future. He indicated that the assassination of Chiang Nan was carried out completely with his own money and effort, that he received no pay or compensation, and that he specifically made the tape to clear himself when necessary.

The confidential material indicates that Ch'en Ch'i-li made three successive plans for the assassination:

The First Plan: Ch'en Ch'i-li would exercise remote control from Taipei, and Bamboo Gang members in San Francisco would serve as the killers. As his subordinates took no action over an extended period of time, Ch'en Ch'i-li began to doubt their ability and determination and abandoned the plan.

The Second Plan: Long known for his fast thinking and careful action, Ch'en Ch'i-li decided to personally come to San Francisco to make plans.

He came to America on 14 September last year, and Wu Tun preceded him on 1 September. Meeting in Los Angeles, they went together to San Francisco to plan the assassination.

When making the second plan, Ch'en Ch'i-li, Wu Tun and a third man, who was in the film business in Taiwan, went together to Chiang Nan's gift shop in San Francisco's Fishermen's Wharf to identify the target and study the feasibility of assassination in the gift shop.

Ch'en Ch'i-li and the third man initially planned to wait for a chance to act after the shopping center, where the gift shop was located, was closed, but subsequently, they discovered the presence of many plainclothes guards at night. Thus, they gave up the idea and shifted to Chiang Nan's residence. The substance of the second plan was: After deciding on the plan, Ch'en Ch'i-li would personally participate in the action and carry out the assassination jointly with Wu. Wu Tun objected to the rash presence of the "senior" at the scene in the event of mishap, and the second plan was abandoned.

The Third Plan: Ch'en Ch'i-li and Wu Tun met successively with Bamboo Gang member Tung Kuei-sen, who came to America on 5 August last year, in San Francisco and together planned the assassination. Ch'en Ch'i-li masterminded the details of the action, and Wu Tun and Tung Kuei-sen were to serve as the killers.

The confidential material reveals that, in line with the basic decision of the third plan, Ch'en Ch'i-li mapped out in detail the division of labor, the particulars, the preparations and the process of execution.

1. Labor Division: (1) Ch'en Ch'i-li was to draft the details of the assassination and personally remain in San Francisco to direct the action.

(2) Wu Tun and Tung Kuei-sen were to serve as the killers and go to Daly City to commit the crime.

(3) Yu Ta-chun [0205 1129 6874] was to serve as the driver responsible for picking up and delivering the killers.

2. Particulars of the Plan: Bamboo Gang members originally in San Francisco were to steal a car, which was to serve as the transportation tool of the crime, to be abandoned later, in order to avoid identification. As the San Francisco Bamboo Gang members had no experience in car stealing and the "gang chief" was even more ignorant, they changed the plan to renting a car. The substance of the plan was as follows:

(1) Rent a station wagon from the San Francisco airport to take Wu Tun and Tung Kuei-sen to Chiang Nan's residence in Daly City and to pick them up afterward. Yu Ta-chun was to be responsible for renting the car.

(2) Buy two bicycles, to be carried in the station wagon to the vicinity of the scene for use by Wu and Tung. It would permit them to don sports clothes and disguise themselves as cyclists, and approach the scene to commit the crime, and it would also serve as their short-distance transportation tools for a fast getaway.

(3) Set up four "spots" for the crime: (a) Assassination spot: Chiang Nan's residence, the scene of the murder. (b) Parking spot: in the vicinity of the scene for parking the station wagon where the two killers would change to bicycles to commit the crime and where the bicycles would later be abandoned. (c) Coordination spot: A sedan would be parked there in advance for Wu and Tung to leave the scene. The station wagon would be returned by Yu Ta-chun. (d) Command spot: Ch'en Ch'i-li's hotel which would serve as the base of remote control. Upon learning that the crime had been successfully committed, Ch'en Ch'i-li would leave the hotel by himself.

3. Preparations: (1) on 9 and 13 October, Ch'en Ch'i-li, Wu Tun, Yu Ta-chun, Tung Kuei-sen and at least another man separated into two groups to assemble in San Francisco. Ch'en, Wu and Tung held a secret on the details, and together went twice to Chiang Nan's residence to survey the situation. The presence of Daly City patrol cars in the vicinity on both occasions made Ch'en and the two killers uneasy. It was finally decided that they would take a flexible approach and act according to the circumstances.

(2) They bought two bicycles, which were wiped clean by Wu Tun before the crime, in order to leave no fingerprint.

(3) They calculated the time intervals and safe distances from the "assassination spot" to the "parking spot" and thence to the "coordination spot." To save time, Ch'en Ch'i-li felt that loading the bicycles back on to the station wagon would waste 20 second; therefore, it was decided that the bicycles would be abandoned at the "parking spot," in order to get away fast.

(4) Chiang Nan was clearly identified as the target, and injury of bystanders was to be avoided. Ch'en Ch'i-li instructed that, should conditions change and any bystander (Chiang Nan's wife Ts'ui Jung-chih [1508 5554 5347]) appear on the scene, the principle was to avoid injury.

4. Process of Execution: Before 8:20 am on 15 October last year, Wu Tun and Tung Kuei-sen rode in the station wagon to the vicinity of Chiang Nan's residence in Daly City, approached it by bicycle and slipped into the garage through the open door to lie in wait. At 9:20 am, they killed Chiang Nan, who was descending from upstairs to the garage, with three shots of 38-caliber guns and left immediately on bicycle to the "parking spot" where the bicycles were abandoned and where they rode in the station wagon to the "coordination spot." What varied from the original plan was that Wu Tun, Tung Kuei-sen and Yu Ta-chun did not part company here. Instead, they diverted into two cars and went to the hotel to meet with Ch'en Ch'i-li before leaving together.

The confidential material finally reveals that Ch'en Ch'i-li felt afterward that there was quite a number of loopholes in the commission of the crime and that, furthermore, many people were privy to the matter, making it difficult to keep it secret. Thus, he decided to leave America for Taiwan. Prior to his departure, he recorded at least two rolls of tapes, giving details of Chiang Nan's assassination, which he turned over to Bamboo Gang members in America for safekeeping. As the investigation by the federal special case team immediately headed for the San Francisco airport after the murder, Ch'en Ch'i-li, rather than taking a chance, changed his plans and took a plane from Los Angeles for Houston where he transferred for Anchorage and then to Taipei.

6080

CSO: 4005/552

TAIWAN

DALY CITY POLICE INTERVIEWED ON HENRY LIU'S MURDER

Taipei CHUNG-KUO SHIH-PAO CHOU-K'AN [CHINA TIMES WEEKLY] in Chinese 10-16 Feb 85 pp 10-11

[Article by Ch'en Tzu-yen [7115 1311 1554] (reporting from America). "Comments by Criminal Section Chief Reese of the Daly City Police"]

[Text] Upon the insistence of the news media, criminal section chief Thomas Reese of the Daly City police, who became overnight the news focus in America after his trip to Taipei, held a press conference for Chinese and foreign reporters on the "results" of his trip.

At the press conference, after reading from a brief statement lasting about 1 minute, which stressed his refusal to discuss Ch'en Ch'i-li's [7115 0796 4409] tape-recording and the involvement of Taiwan's intelligence personnel, Reese immediately accepted questions.

In the 18-minute press conference, Reese said "no comment" 26 times, indicating the extent of his caution. Even so, both at the conference and afterward, he made a number of revelations. The following are some key points of his interview with the editor of this publication.

I. On the Interviews with Ch'en and Wu

[Question] Where did you meet Ch'en Ch'i-li and Wu Tun [0702 2415]?

[Answer] At the detention station of the general police department in Taipei's suburbs.

[Question] How long did you talk with them?

[Answer] We interviewed Ch'en Ch'i-li for 6 hours and Wu Tun for 4 hours, which were held separately. Their conditions were good.

[Question] What were the main substances for the two interviews?

[Answer] The main substance was what they did in America.



[Question] Did they mention why they killed Liu I-liang [0491 1355 5328]?

[Answer] No comment.

[Question] Do you already know their motive for the murder?

[Answer] Yes, I think I know why.

[Question] Did they say where the murder weapons are?

[Answer] No comment.

[Question] Did they enter the country on their own status or by falsified documents?

[Answer] They both entered the country on their own papers.

[Question] Were they worried about their safety?

[Answer] They made no mention to us.

[Question] Were the interviews recorded?

[Answer] Yes, I have brought back the recordings as evidence.

[Question] Did Ch'en Ch'i-li admit that Yu Ta-chun [0205 1129 6874] was an accomplice?

[Answer] No comment.

[Question] Did they indicate their willingness to come to America for trial?

[Answer] We did not bring up the issue. They were cooperative throughout.

[Question] Why did they talk freely instead of keeping silent?

[Answer] I am unable to answer this question, but I believe that they did not conceal anything.

## II. On Taipei's Assistance

[Question] Was the government of the Republic of China cooperative in the investigation?

[Answer] The government of the Republic of China was extremely cooperative.

[Question] How did the authorities concerned assist you?

[Answer] The government personnel concerned maintained good cooperation with us throughout. We requested materials on the suspects and they provided us with all the materials in their possession.

[Question] When you interviewed Ch'en and Wu, were there government officials present?

[Answer] Yes.

[Question] Did they affect your investigative work?

[Answer] No. Though present, they did not speak. We were the only ones asking questions.

[Question] Do you feel that you have made an independent investigation?

[Answer] Yes. We have done our best, at least in the legal point of view.

[Question] Did you hope to interview the intelligence personnel involved?

[Answer] If so, it would naturally have been good, but unfortunately there was no opportunity.

[Question] Why did you not request interviews with the intelligence personnel involved?

[Answer] The purpose of our trip to Taipei was to interview Ch'en and Wu.

[Question] Did the government of the Republic of China agree to your trip to Taiwan to interview the suspects on condition that you make no attempt to interview the intelligence personnel involved? What agreement did you make?

[Answer] I can only discuss what I know. We went to Taipei for the specific purpose of investigating the suspects, and there was no connection with the involvement of the intelligence personnel. Their involvement will be handled by levels higher than Taly City.

[Question] Did you meet with high-level government officials? What was the substance of your conversations?

[Answer] We did meet with high-level government officials. They only rendered assistance to us, guiding us on what we could do and what we could utilize. Their functions (referring to the Judicial Investigation Bureau) are similar to our FBI.

[Question] Were you given Ch'en Ch'i-li's written confession?

[Answer] We have made the request, but they have not given it to us.

[Question] Did the government intelligence unit give you tape or material relevant to Liu I-liang's work for Taiwan or other governments?

[Answer] No.

[Question] When you were in Taipei, did you hear the talk that Liu I-liang might be working for Taiwan?

[Answer] I read about it in Taiwan papers when I was there.

[Question] When you were in Taipei, did you personally see evidence relevant to Liu I-liang's working for the government of the Republic of China?

[Answer] No.

### III. On FBI's Assistance

[Question] When did the FBI start to intervene in the case?

[Answer] They intervened within hours of the murder.

[Question] Did you (Daly City police department) initiate it?

[Answer] I think we brought it up.

[Question] When the FBI investigators were in Taipei, how did they assist you?

[Answer] The two investigators were with us at all times, one serving as the interpreter and the other giving lie detector tests. Ch'en and Wu both took the test.

[Question] When will the result of the tests be announced?

[Answer] It is the FBI's function, and I am unable to discuss it.

[Question] Was the investigator conducting the lie detector tests from the FBI's San Francisco office?

[Answer] He was sent by Washington, D.C. I expect that the results of the tests will be announced by Washington.

[Question] Do both FBI investigators know Chinese?

[Answer] Only one of them speaks Chinese.

### IV. On the Tape

[Question] When did you come into possession of Ch'en Ch'i-li's privately made tape?

[Answer] Before we left for Taiwan.

[Question] How long have you been in possession of it?

[Answer] No comment.

[Question] Where did you get it?

[Answer] No comment.

[Question] Where was it made?

[Answer] No comment.

[Question] What was Ch'en Ch'i-li's reason for making the tape?

[Answer] No comment.

[Question] Was the motive mentioned in it?

[Answer] No comment.

[Question] Did the FBI obtain it?

[Answer] No comment.

[Question] Are there many copies of it?

[Answer] No comment.

[Question] Why is the tape so important?

[Answer] I am unable to make any comment of its content.

[Question] Why are you unable to make comment?

[Answer] Because the investigation is still going on.

[Question] Is the voice on the tape in your possession identical with that of Ch'en himself?

[Answer] I personally believe that the voice on the tape is identical with the actual voice of Ch'en Ch'i-li.

#### V. On the Development of the Case

[Question] Are the four Bamboo Gang members the only suspects in the Liu case?

[Answer] There were indeed only the four who did the actual killing.

[Question] Were you trying to arrest only the four (Ch'en, Wu, Tung and Yu)?

[Answer] Yes.

[Question] Is there a fifth suspect?

[Answer] No comment.

[Question] Did you know that the U.S. National Security Agency intercepted Ch'en Ch'i-li's phone call to Taipei after the crime?

[Answer] I didn't, and I have no comment.

[Question] Did you contact the CIA before going to Taipei?

[Answer] No.

[Question] Are you continuing your effort to apprehend Yu Ta-chun?

[Answer] We will continue our investigation of Yu.

[Question] Are you in possession of additional new evidence against Yu Ta-chun?

[Answer] After the trip to Taipei, I am more convinced of his involvement, but I don't feel that we are in possession of additional direct evidence. I shall consult with the local prosecutor's office to determine, in terms of the information and evidence in our possession, the direction toward which we should proceed.

[Question] Do you know the whereabouts of Tung Kuei-sen [5516 2710 2773]?

[Answer] We are still looking for him. According to the latest information, he is still in the Philippines.

[Question] Did Tung Kuei-sen contact the FBI?

[Answer] No comment.

[Question] How do you proceed on the investigation of Tung Kuei-sen?

[Answer] There is at present no way to issue an arrest warrant, but we hope to contact him through some connections. I hope that one day we will extradite him and bring him to justice.

[Question] If extradition is not very likely, then, what is the significance of the arrest warrants on Ch'en and Wu?

[Answer] All depends on whether the suspects can be brought to America. I really don't know whether it will take place, but I hope it can be done. Moreover, as long as we have a chance to apprehend Tung Kuei-sen, we are naturally hopeful of prosecuting him.

[Question] If the Republic of China bring charges against and try Ch'en and Wu, will you be satisfied?

[Answer] Personally speaking, no. I prefer to have them tried here, but I can't do anything about it. Taipei's government officials gave us a guarantee--they intend to prosecute Ch'en and Wu in Taipei. My concern is that the suspects should be punished for the proper crime.



[Question] When will Ch'en and Wu be tried?

[Answer] The impression I got in Taipei is that they may be indicted in a month or 2.

6080

CSO: 4005/552

TAIWAN

#### TAIWAN TO INCREASE DEFENSE CAPABILITIES

OW160544 Taipei Lien Ho Pao in Chinese 9 Mar 85 p 1

[Text] In reply to interpellations at the Legislative Yuan yesterday, Minister of National Defense Sun Chang-chih pointed out that since the existing national defense budgetary structure is not quite ideal, the National Defense Ministry will streamline personnel and increase defense capabilities by lowering the proportions of personnel and operational budgets and increasing the budget for purchasing equipment, which currently accounts for only 20 percent of the total defense budget.

Minister Sung emphasized that in the next 3 to 5 years, the country will surely make a breakthrough in research of air defense weapons.

Citing the spending for equipment purchases and its proportion in defense over the past decade, Legislator Huang Jung-chiu pointed out that the expenditure for research and development of national defense technology accounts for only 20 percent of the total defense budget and that it is necessary to step up the nation's capabilities of researching and developing new weapons in accordance with the situation in the Taiwan Strait between the enemy and ourselves.

Minister Sung replied: In the existing national defense budgetary structure, personnel expenditures account for roughly 50 percent; operation expenditures, 30 percent; and equipment purchase expenditures, 20 percent. As the structure is not very ideal, we hope to cut down the spending on personnel and operation and increase that on equipment purchases. Therefore, the Defense Ministry is actively promoting the policy of building up better quality troops while streamlining personnel in order to increase defense capabilities and troops' combat effectiveness.

He revealed that the Executive Yuan has set up an inter-ministry organization, "Committee for Promoting National Defense Science and Technology Development Plans," to promote the development of national defense science and technology. He expressed the hope that various circles in the country will make all-out efforts to support the development of national defense science and technology.

On engaging and training scientific and technological talent, Minister Sung indicated: Besides engaging a number of scientific and technological specialists from abroad to take charge of major weapon and equipment development

projects, the ministry, in accordance with the "10-Year Program for Cultivating Talent in National Defense Science and Technology," has selected outstanding people and sent them abroad for either advanced study or short-term training, depending on the actual needs of various research and development projects. Moreover, the ministry has been quite flexible in making budget for research in national defense science and technology, and when special help is required, the ministry has always offered full support to ensure that the financial needs are well met.

The Defense Ministry has also been encouraging the private sector to participate in the research and manufacturing of weaponry. At present, some 700 factories have engaged in the production of 39,000 items of weapons, greatly contributing to the national defense industry and the production of advanced weapons and equipment. Besides, the ministry has also cooperated with Taiwan University and other academic institutes, with 114 special research projects completed and another 110 underway.

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